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STANDING COMMITTEE ON ENERGY

(2004-05)

FOURTEENTH LOK SABHA

MINISTRY OF POWER

DEMANDS FOR GRANTS
(2005-2006)

FIFTH REPORT

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LOK SABHA SECRETARIAT
NEW DELHI

April, 2005/ Chaitra, 1927 (Saka)

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Presented to Lok Sabha on 21.4.2005

Laid in Rajya Sabha on 21.4.2005

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COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (2004-05)

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5. Shri A.B.A Ghani Khan Choudhary
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29. Shri Matilal Sarkar
30. Shri Motilal Vora
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1.	Shri P.D.T. Achari	- Secretary
2.	Shri Anand B. Kulkarni	- Joint Secretary
3.	Shri P.K.Bhandari	- Director
4.	Shri Surender Singh	- Deputy Secretary
5.	Shri Ram Raj Rai	-Under Secretary
6.	Shri Arvind Sharma	- Committee Officer

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this Fifth Report (Fourteenth Lok Sabha) on Demands for Grants (2005-2006) relating to the Ministry of Power.

2. The Committee took evidence of the representatives of the Ministry of Power on 23rd March, 2005.

3. The Committee wish to thank the representatives of the Ministry of Power who appeared before the Committee and placed their considered views. They also wish to thank the Ministry of Power for furnishing the replies on the points raised by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 11th April, 2005.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

GURUDAS KAMAT,
Chairman,
Standing Committee on Energy.

NEW DELHI,
April 19, 2005
Chaitra 29, 1927 (Saka)

CHAPTER – I

PART-I

INTRODUCTORY

1.1 Electricity is a concurrent subject at Entry 38 in List III of the Seventh Schedule of the constitution of India. The Ministry of Power which started functioning independently with effect from 2nd July, 1992 is primarily responsible for the development of electrical energy in the country. The Ministry is concerned with perspective planning, policy formulation, processing of projects for investment decision, monitoring of the implementation of power projects, training and manpower development and the administration and enactment of legislation in regard to thermal and hydro power generation, transmission and distribution.

1.2 The Ministry of Power is entrusted with the evolution of the general policy in the field of Energy. Under the Allocation of Business Rules, the Ministry is responsible for the following :-

i) General Policy in the electric power sector and issues relating to energy policy.
(details of short, medium and long-term policies in terms of formulation, acceptance, implementation and review of such policies, cutting across sectors, fuels regions and cross country flows).

ii) All maters relating to hydro-electric power (except small/mini/micro hydel projects of and below 25 MW capacity) and thermal power and transmission system network.

iii) Research, development and technical assistance relating to hydro-electric and thermal power and transmission system network.

iv) Administration of the Electricity Act, 2003 (34 of 2003) the Damodar Valley Corporation Act, 1948 (14 of 1948) and Bhakra Beas Management Board as provided in Punjab Reorganisation Act, 1966 (31 of 1966)

v) All matters relating to Central Electricity Authority and Central Electricity Regulatory Commission.

vi) Rural Electrification, Power Schemes in Union Territories and issues relating to power supply in the States and Union Territories.

vii) Administrative control of Public Sector Undertakings, Statutory and Autonomous Bodies functioning under the Ministry.

viii) Other Public Sector Enterprises concerned with the subject included under this Ministry except such projects as are specifically allotted to any other Ministry or Department.

ix) All matters concerning energy conservation and energy efficiency pertaining to Power Sector.

1.3 In all technical and economic matters, Ministry of Power is assisted by the Central Electricity Authority (CEA). While the Authority (CEA) is a Statutory Body constituted under the erstwhile Electricity (Supply) Act, 1948, hereinafter replaced by the Electricity Act, 2003, where similar provisions exist, the office of the CEA is an "Attached Office" of the Ministry of Power. The CEA is responsible for technical coordination and supervision of programmes and is also entrusted with a number of statutory functions. It is headed by a Chairperson, who is also ex-officio Secretary to the Government of India and comprises six full time Members of the CEA of the rank of ex-officio Additional Secretaries to the Government of India. They are designated as Member (Thermal), Member (Hydro), Member (Economic & Commercial), Member (Power Systems), Member (Planning) and Member (Grid Operation and Distribution).

1.4 Following the enactment of the Central Electricity Regulatory Commission's Act (1998) since submerged in Electricity Act, 2003 the Central Electricity Regulatory Commission (CERC) was constituted in July, 1998 with a Chairman & three full time members. The main functions of the CERC are to regulate tariff of Centrally owned or controlled generating companies, regulate inter-state transmission including tariff of transmission entities, to regulate inter-state Bulk Sale of Power, to advise the Central government in matters of tariff formulation policy etc.

1.5 Badarpur Management Contract Cell (BMCC) is a subordinate office directly under the control of Ministry of Power and 13 subordinate offices under the control of Central Electricity Authority.

1.6 There are four Statutory Bodies, six Public Sector Undertakings, two Joint Venture Corporations, two Autonomous Bodies (Societies) and two Other Organisations under the administrative control of the Ministry. These are :-

a) STATUTORY BODIES :

1) Central Electricity Regulatory Commission (CERC), New Delhi.
2) Damodar Valley Corporation (DVC), Calcutta;
3) Bhakra Beas Management Board (BBMB), Chandigarh;
4) Bureau of Energy Efficiency, (BEE), New Delhi;

b) PUBLIC SECTOR UNDERTAKINGS :

1) Rural Electrification Corporation (REC), New Delhi;
2) National Thermal Power Corporation (NTPC), New Delhi;
3) National Hydro-electric Power Corporation (NHPC), Faridabad;
4) North-Eastern Electric Power Corporation (NEEPCO), Shillong;
5) Power Finance Corporation (PFC), New Delhi;
6) Power Grid Corporation of India Ltd. (PGCIL), New Delhi;

c) JOINT VENTURE CORPORATIONS :

1) Satluj Jal Vidyut Nigam Limited (SJVN), Shimla;
2) Tehri Hydro Development Corporation (THDC), Noida (UP);

d) AUTONOMOUS BODIES :

1) Central Power Research Institute (CPRI), Bangalore;
2) National Power Training Institute (NPTI), Faridabad:

e) OTHER ORGANISATIONS :

1) Narmada Hydro Development Corporation (NHDC), Bhopal (MP)
(A joint venture of NHPC & Government of Madhya Pradesh)

2) Power Trading Corporation (PTC), New Delhi.

1.7 Power is a critical infrastructure for the economic development of the country and the Ministry of Power has given a major thrust for accelerated development and restructuring of the sector. The Ministry of Power has set an agenda of providing Power to All by 2012. It seeks to achieve this objective through a comprehensive and

holistic approach to power sector development envisaging a six level intervention stategy at the National, State, SEB, Distribution, Feeder and Consumer levels.

1.8 Considering the fact that a large chunk of proportion of the installed capacity is likely to come from the public sector, the outlay for the power sector has been raised from Rs. 45,591 crores during the 9th Plan to Rs. 1,43,399 crores in the 10th Plan. The balance will be met through domestic and international sources. The anticipated utilization will however is expected to be Rs. 1,10,069.59 crore i.e. about Rs. 33,329 crore less than the target fixed.

1.9 To meet the project power requirement by 2012 an additional capacity addition of 100000 MW is required in the Tenth and Eleventh Five Year Plans. A capacity of nearly 41,000 MW is proposed to be set up in the 10th Plan and the remaining in the 11th Plan with a stronger focus on hydro power. The Central Sector would contribute 22,500 MW, the State Sector 11400 MW and Private Sector 7,100 MW in the 10th Plan. According to Ministry of Power Projects of above 19000 MW are already under construction and projects of 8,900 MW aggregate capacity have the requisite approvals. Taking note of the low capacity addition in the Central, State and Private sectors resulting in expected capacity addition of about 36,956 MW in 10th Plan, the Committee observe that about 66,000 MW of capacity addition has to be achieved during XI Plan to achieve 1,00,000 MW capacity addition target by the end of 11th Plan.

1.10 Regarding constitution of State Electricity Regulatory Commissions, twenty four States namely, Orissa, Haryana, Andhra Pradesh, Uttar Pradesh, Karnataka, West Bengal, Tamil Nadu, Punjab, Delhi, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, Himachal Pradesh, Assam, Chhatisgarh, Uttaranchal, Goa, Bihar, Jharkhand, Kerala, Tripura, Sikkim and Jammu & Kashmir have either constituted or notified the constitution of SERC. Mizoram and Manipur are in the process of constituting Joint Electricity Regulatory Commission. The constitution of Joint Regulatory Commission for Union Territories (except Delhi) is also under process. Further, eighteen SERCs viz., Orissa, Andhra Pradesh, Uttar Pradesh, Maharashtra, Gujarat, Haryana, Karnataka, Rajasthan, Delhi, Madhya Pradesh, Himachal Pradesh, West Bengal, Punjab, Tamil

Nadu, Assam, Uttaranchal, Jharkhand and Kerala have issued tariff orders. Orissa Harayana, Andhra Pradesh, Uttar Pradesh, Karnataka, Rajasthan, Madhya Pradesh, Delhi and Gujarat had enacted their State Electricity Reforms Acts which provide inter-alia for unbundling/ corporatisation of SEBs, setting up of SERCs, etc. The SEBs of Orissa, Haryana, Andhra Pradesh, Karanataka, Uttar Pradesh, Uttaranchal, Rajasthan, Delhi, Madhya Pradesh and Assam have been unbundled/conporatised. Distribution has already been privatized in Orissa and Delhi.

1.11 The Committee have scrutinized the Demands for Grants of the Ministry of Power for the year 2005-06 and approve the same, subject to their observations and recommendations which are contained in the succeeding Chapter.

CHAPTER-II

ANALYSING OF DEMANDS FOR GRANTS AND PLAN BUDGET OF THE MINISTRY OF POWER.

A. PLAN OUTLAY

2.1 Details of Central Plan allocation of the Ministry of Power for 2003-04, 2004-05 and 2005-06 are as under:-

(Rs. In crore)

	Internal & External Budgetary Resources (IEBR)	External Assistance through Budget	Net Budgetary Support	Total Plan Outlay
BE 2003-04	11167.61	0	3500.00	14667.61
RE 2003-04	10187.77	0	1850.00	12037.77
Actuals 2003-04	8894.34	0	1846.96	10741.30
BE 2004-05	12030.32	0	3600.00	15630.32
RE 2004-05	11641.06	0	2400.00	14041.06
BE 2005-06	18913.90	0	3000.00	21913.90

2.2 Enquired about the Financial performance by the Ministry of Power for 2004-05, the Committee have been informed as under:-

(Rs. In crore)

	IEBR	GBS	TOTAL
BE	12030.32	3600.00	15630.32
RE	11641.06	2400.00*	14041.06
Actuals * Till 8th Feb., 2005	7665.26	1983.49	9648.75

* In addition to above, an amount of Rs. 640.28 crore is agreed to by MOF for payment of IDC as well as for conversion of loan into equity on net basis for NHPC's completed project and Tehri Stage-I. This transaction does not involve any cash outflow and is only book adjustment. Therefore, the actual RE 2004-05 to MOP is Rs. 3040.28 crore.

2.3 About the financial progress made during the 10th Plan vis – a - vis allocation thereof, the Committee observe that 10th Plan allocation to MOP was Rs. 1,43,399 crore comprising of Rs. 1,18,399 crore of IEBR and Rs. 25000 crore of GBS against that the anticipated utilization of 10th Plan outlay is of Rs. 1,10,069.59 crore

comprising of Rs. 24821.60 crore of IEBR. A statement showing the anticipated utilization of 10th Plan outlay is at Annexure I.

2.4 According to Ministry of Power, the reduction at the RE stage is due to the following reasons:-

(i) Non approval of some of the new schemes of PGCIL (reduction of Rs. 121 crore)

(ii) Slow progress in approval of the new schemes of NHPC due to delay in obtaining environment clearance i.e. Parvati-III, Teesta Lower Dam-IV and Chamera-III (reduction of Rs. 447.52 crore).

(iii) Due to slow progress in approval of the new schemes of NEEPCO i.e. Tripura and Ranganadi and also the slow progress in survey and investigation works. (the total reduction is of Rs. 67 crore).

(iv) Due to non-approval of the CEA's scheme (Preparation of Detailed Project reports of New Hydro-Electric Schemes and Scheme for 100,000 MW environment friendly thermal initiative – preparation of FRs, there was a reduction of Rs. 82.38 crore.

2.5 On being enquired about the financial requirement during 2005-06 and finally approved by the Planning Commission, the Ministry of Power informed the Committee about the following:-

Name of organization	**Outlay proposed by Ministry of Power**			**Finally approved by the Planning Commission**		
	GBS	IEBR	Total	GBS	IEBR	Total
NTPC	0.00	8550	8550.00	0.00	8550.00	8550.00
NHPC	2337.38	2185.36	4562.74	1606.60	2185.36	3791.96
PGCIL	532.75	4368.25	4901.00	419.38	4368.25	4787.63
DVC	0.00	2373.51	2373.51	0.00	2373.51	2373.51
THDC	20.00	656.29	676.29	0.00	656.29	656.29
SJVN	26.00	407.70	433.70	0.00	407.70	407.70
NEEPCO	760.23	372.79	1133.02	624.00	372.79	996.79

MOP Schemes	2526.42	0	2526.42	350.02	0.00	350.02
	6202.78	18913.90	25156.68	3000.00	18913.90	21913.90

(Ministry of Power is pursuing the matter for giving more budgetary support for the year 2005-06 with the Planning Commission)

2.6 While examining the Demands for Grants (2003-04) of Ministry of Power, the Committee observe that the quarterly utilization of funds by the Ministry of Power against the GBS of Rs. 3500 crore and IEBR of Rs. 11167.61 crore during 2003-04, the expenditure during first 3 quarters of the financial year was very low and it was only in the last quarter, the percentage utilization of funds was above the normal.

2.7 When enquired about the actual utilization of budgeted allocations, quarter-wise, during 2003-04 and 2004-05, the Ministry of Power informed the Committee in a written reply as under:-

2003-04:-

The quarterly utilization of funds by the Ministry of Power during 2003-04 Comprising of GBS Rs. 3500 crore and IEBR of Rs. 11167.61 crore (BE) is given below:-

(Rs. Crore)

	Expenditure	**% Utilization in financial year 2003-04 (w.r.t. BE)**
Expenditure during 1st quarter	1273.44	8.68
Expenditure during 2nd quarter	2159.22	14.72
Expenditure during 3rd quarter	2313.89	15.78
Expenditure during 4th quarter	4994.75	34.05
Total	**10741.30**	**73.23**

The Secretary, Ministry of Power during evidence on 23rd March, 2005 had submitted that Rs. 11162 Crore have been actually utilized till 15th March, 2005.

2004-05:-

The quarterly utilization of funds by the Ministry of Power during 2004-05 Comprising of GBS Rs. 3600 crore and IEBR of Rs. 12030.32 crore (BE) is given below:-

(Rs. Crore)

	Expenditure	% Utilization in financial year 2004-05 (w.r.t. BE)
Expenditure during 1st quarter	2078.13	13.30
Expenditure during 2nd quarter	2100.37	13.44
Expenditure during 3rd quarter	3419.12	21.87
Expenditure during 4th quarter (anticipated)	7083.72	45.32
Total (anticipated)	**14681.34**	**93.93**

2.8 The Committee have been informed that an intensified monitoring mechanism has been put in place to ensure that the budgeted amounts earmarked at the BE Stage is effectively utilized during 2005-06 the steps taken are as under:-

(i) Weekly review by Secretary (Power) of the status of investment approval new of projects.

(ii) Constant follow-up with Finance Ministry and Planning Commission to expedite the same so as to ensure approval of the Competent Authority and thereby utilization of budgeted expenditure.

(iii) Monthly review by Chairman, CEA of all projects.

(iv) Comprehensive quarterly review by Secretary (Power) of status of all ongoing and new projects.

(v) Periodical reviews with States on Capacity addition / APDRP / Village Electrification.

(vi) Periodic Inter-ministerial coordination meetings with Ministry of Petroleum & Natural Gas; Ministry of Coal; Ministry of Environment & Forests, M/o Water Recourses for expeditious clearances for the projects.

(vii) Periodic reviews with Private projects developers.

(viii) Periodic visits to project sites.

(ix) Meeting with electrical manufacturers to remove supply side bottlenecks.

2.9 Further enquired about the reasons for an uneven trend of utilization of funds, the Ministry of Power in a post evidence reply furnished to the Committee have stated as under:-

> "Ministry of Power has spent Rs. 1,308 crore till December, 2004 of the GBS out of the total budgetary outlay of Rs. 3,600 crore. The expenditure could not be higher because of the delay in the approval of a few projects of Powrgrid and National Hydroelectric Power Corporation through the inter-Ministerial process. Further, Rural Electrification Scheme, which was changed on the basis of the Cabinet decision early this year, is now slowly gaining momentum. Award of nearly Rs. 4,000 crore worth of projects are already taking place. For these projects, funds worth Rs. 1200 crore are required during the year 2004-05, out which Rs. 500 crore (approximately) is the Capital Subsidy. Similarly, AG&SP which is essentially an Interest Subsidy Scheme meant for augmenting generation capacity, most of the disbursement, in form of reimbursement to Power Finance Corporation take place in the last quarter."

2.10 It further stated,

> "Apart from the above specific reasons, low disbursement is normally seen in the initial part of the financial years in the programmes of Ministry of Power. The last quarter of the financial year usually accounts for a sizeable chunk of the Annual expenditure. This being the normal feature of expenditure of the Ministry of Power, exemption from the instruction to limit expenditure in the last quarter to 33% of budgeted amount has been sought from Ministry of Finance."

2.11 The Committee observe that against the plan outlay of Rs. 1,43,399 Crore comprising of Rs. 1,18,399 Crore of IEBR and Rs. 25,000 Crore as Gross Budgetary Support (GBS) for Ministry of Power, the anticipated utilization during the Tenth Plan period is Rs. 1,10,069.59 Crore comprising of Rs. 24821.60 Crore of GBS. Taking note of the fact that there is a gap of about Rs. 33,339 Crore in the actual allocation and anticipated utilization of the Xth Plan outlay of the Ministry of Power, the Committee are of the opinion that the present trend of under utilization of Plan outlay will adversely affect the on-going and future power projects. The Ministry of Power have claimed that during 2004-05, they would be able to utilize the Revised Estimates of Rs. 14681.34 crore which is 93.93% of the Budget Estimates of Rs. 15630.32 crore as compared to 73.23% utilization during the year 2003-04. The Committee are however, unhappy to note that till 15th March, 2005, the actual utilization was reported to be Rs. 11162 Crore only, which is less than 73% of the Budgeted amount for the year. To reach the 94% utilization of the budget estimates, the Ministry of Power/ its PSUs have to spend more than Rs. 3,000 crore i.e. 21% of the Budgeted amount during the last 16 days of the financial year, 2004-05. The Committee do not approve such huge chunk of expenditures in the last few days of the financial year which is against the normal financial discipline. The Committee strongly recommend that the Ministry should stop this practice of imbalanced utilisation of unspent funds during the last few days of the financial year because this may sometimes lead to unproductive expenditure which may not help the Ministry in achieving the targets and implementation of schemes.

2.12 The Committee note that with the reduced annual outlay and utilization during the first three years of the 10th Plan, the targets set for capacity addition of 41,000

MW has already been revised to about 36,956 MW. The Committee feel that the plan of the Government for 1,00,000 MW of fresh capacity addition by the end of 11th Plan will thus seems to be impossible. The reasons forwarded for reduction in Budget Estimates for the year 2004-05 are reported to be non-approval of new schemes of Power Grid Corporation India Limited, slow progress in approval of new schemes of NHPC such as Parvati-III, Teesta Lower Dam-IV, Chamera etc. resulting in reduction by Rs. 121 Crore and 447.52 Crore respectively. As regard to the reason for reduction in Plan outlays of NEEPCO, the Committee find that there was a total reduction of Rs. 67 crore due to slow progress in approval of the new schemes i.e. Tripura gas project and Ranganadi HEP and also due to the slow progress in survey and investigation works. Further, due to non approval of the CEA's scheme of preparation of Detailed Project Reports of New Hydro-Electric Schemes and Scheme for 100,000 MW environment friendly thermal initiative for preparation of Feasibility Report; there was a reduction of Rs. 82.38 crore. The Committee are not convinced with the reasons forwarded by the Government for reduced outlays during the first three years of the current Plan and feel that no concrete action has been taken by the Government in spite of Committee's repeated recommendations for formulating realistic plan. The Committee are not happy to note the Government's inaction in formulating realistic plan as observed from non approval of the CEA's scheme of preparation of Detailed Project Reports of New Hydro Electric Schemes and Scheme for 100,000 MW environment friendly thermal initiative for preparation of Feasibility Report, resulting in reduction of Rs. 82.38 crore. The Committee therefore, reiterate their earlier recommendation that the Ministry of Power and its PSUs should formulate more realistic plans so that the Budget Estimates are not revised due to non-

approval of schemes. The Committee urge that the Government/PSUs should fix realistic annual financial and physical targets keeping in view all the constraints like financial and environmental clearances etc. involved in clearance of Power projects. The Committee be informed regularly about the targets for various schemes, actual achievements and the reasons for slippages, if any. The Committee expect a positive action taken by the Government in this regard.

2.13 The Committee further observe that although the Ministry of Power and its PSUs have under utilized the Plan outlays during the last 3 years, the Ministry of power have proposed an outlay of Rs. 25156.68 crore (6202.78 crore as GBS) during 2005-06 against which Rs. 21913.90 crore (Rs. 3000 crore as GBS) have been finally approved by the Planning Commission. Ministry of Power have also informed the Committee that they are pursuing for giving more budgetary support for the year 2005-06 with the Planning Commission. In view of the huge reduction of Rs. 731 crore in Gross Budgetary Scheme to NHPC [from Rs. 2337.38 crore (proposed) to Rs. 1606 crore] as approved by the Planning Commission and Rs. 26 crore to nil for Satluj Jal Vidyut Nigam Limited, the Committee will like to know the hydel projects that will be adversely affected due to these reduced outlays as approved by Planning Commission for the year 2005-06.

2.14 Although, the Govt. have reportedly taken various steps like weekly review by the Secretary, Ministry of Power, periodic and monthly review of all the ongoing and future schemes to ensure that Budget Estimates are fully utilized, the Committee have no hesitation that similar steps taken by the Government earlier had not

yielded desired results. The Committee, therefore, desire that the Government should take elaborate steps to ensure that there is proper and uniform utilization of the Plan outlays during the year 2005-06.

2.15 The Committee observe that in a meeting taken by Finance Minister with Financial Advisors on 23.07.2004, it was desired that the existing instructions about 33% utilization of the budget during the last quarter should be strictly followed and a circular had already been issued to all concerned for compliance of the instructions of Ministry of Finance. The Committee, are however, of the view that though emphasis should be laid on equal utilisation of funds in all the four quarters of the year, the restrictions imposed by the Ministry of Finance would further limit the utilisation of the funds and achievements of the targets. The Committee, therefore, suggest that putting a restriction on the use of funds during the last quarter should be gone into and a decision be taken based on views of the various ministries. Similarly there is a need to re-examine the practice of revising budgeted amount at Revised Estimates stage based on the performance of the first two quarters of the financial year. The Committee feel that Revised Estimates should rather be based on the utilisation of the funds during the last financial year. The matter may be taken up with the Ministry of Finance and the Committee may be apprised of the position.

B. POWER GENERATION AND CAPACITY ADDITION PROGRAMME

2.16 The generating capacity of power in the country as on 28.02.2005 is as under:-

Hydro	30,335 MW (26.09%)
Thermal	80,702 MW (69.52%)
Nuclear	2,720 MW (2.33%)
Wind	2,488 MW (2.14%)
Total	**116245 MW**

2.17 Taking note of the stagnating capacity addition of around 20,000 MW in each of the last three Plan periods and achieving less than 50 per cent of the targets, the Committee enquired about the targets set for capacity addition during 10th Plan period and the steps taken to ensure that targeted capacity addition is achieved. In this connection, the Ministry of Power informed the Committee in a written notes as under:-

"A capacity addition target of 41,110 MW has been set for the 10th Plan. The details of 10th Plan target are summarized in the table presented below:

Source	Central	State	Private	Total
Hydro	8742	4481	1170	14393
Thermal	12790	6676	5951	25417
Nuclear	1300	-	-	1300
Total	22832	11157	7121	41110

The status of the 10th Plan projects as informed by the Ministry of Power is in the table given below:-

Total (Thermal+Hydro+Nuclear)	Central (MW)	State (MW)	Private (MW)	Total (MW)
Target	22832	11157	7121	41110
A. Already commissioned	6830	2905.64	718	10453.64
A as % of Target	29.9%	26%	10.1%	25.4%
B. Under Construction	11257	9333.92	3816	24406.52*
B as % of Target	49.3%	83.7%	53.6%	59.4%
A+B as % of Target	**79.2%**	**109.7%**	**63.7%**	**84.8%****

* Under Contract award, likely in X Plan 2095 MW

** May rise to 90%

2.18 Capacity addition Programme during 2004-05 and achievement till 30.11.2004 Programme:-

Programme 2004-05	Central Sector	State Sector	Private Sector	Total
Hydro	1920.00	665.00	0.00	2585.00
Thermal	1710.00	777.92	172.60	2660.52
Nuclear	0.00	0.00	0.00	0.00
Total	**3630.00**	**1442.92**	**172.60**	**5245.52**

Achievement - 2004-05 (April, 2004 to November, 2004)

Details of Schemes	Central Sector	State Sector	Private Sector	Total
Hydro	250.00	155.00	0.00	405.00
Thermal	1210.00	272.92	0.00	1482.92
Nuclear	0.00	0.00	0.00	0.00
Total	**1125.00**	**377.92**	**0.00**	**1887.92**

2.19 According to Ministry of Power, Capacity addition during X plan is likely to exceed combined capacity addition during VIII and IX plans. Investments of Rs. 1,30,000 crore already committed for capacity under execution in X plan. Attempt are being made to commission Kawas, Gandhar CCPP (NTPC), Monarchak CCPP (NEEPCO) and Ahkakhol (Private Sector) within X Plan. The likely capacity addition is expected to be 36,956 MW which is about 90% of target.

2.20 Asked about the Government is initiative to achieve 10th Plan capacity addition targets, the Committee have been apprised of the following steps:-

(i) The monitoring mechanism has been strengthened. The Central Electricity Authority has a nodal officer for each project, both at the conception stage as well as during execution. In addition, regular review meetings are being organized in the Ministry of Power.

(ii) The role of Rural Electrification Corporation has been expanded to cover financing of generation projects. This would enable REC to supplement the efforts of PFC in financing generation projects. These two organizations have mobilized themselves adequately to see that the execution of a good project is not hampered due to lack of funds.

(iii) Procedure for getting clearances has been simplified. As per the Electricity Act, 2003, the requirement of according Techno-economic clearance by CEA has been dispensed with for thermal generation. However, any generating company intending to set up a hydro generating

station shall prepare and submit to the Authority for its concurrence a scheme estimated to involve a capital expenditure exceeding such sum, as may be fixed by the Central Government from time to time, by Notification. Planning Commission has delegated full powers to State Governments for approval of power projects without any ceiling. Clearance from Planning Commission is to be restricted only to those hydro-electric projects where inter-State issues are involved.

(iv) To take care of the slippages in the X Plan capacity addition target of 41,110 MW, back up (additional) power projects of 7999.52 MW have been identified."

2.21 The Central Plan outlay has been increased by more than three times in the 10th Plan in comparison to 9th Plan. The Planning Commission has allocated for an outlay of Rs. 1,43,399 crore for the Ministry of Power for the 10th Plan. This includes a budgetary support of Rs. 25,000 crore. The corresponding outlay figures for the 9th Plan were Rs. 45591 crore with a budgetary support of Rs. 14943 crore.

2.22 The Ministry of Power further informed the Committee about the following recent initiatives taken for achieving the 10th Plan capacity addition target:-

"(i) Over a period of time, BHEL has emerged as a leading manufacturer of power projects. Since augmentation of the capacity of BHEL and its technological know how requires continuous up-gradation, the quarterly meeting with the BHEL officials has been institutionalized and it is being held on every 4th Saturday in April, July, October and January.

(ii) In the meeting held on 19th January, 2005, CMD, BHEL apprised that out of 34027 MW capacity where orders have been placed, 20,337 MW of the projects are being executed by BHEL for X Plan. Of this, 6,270 MW worth projects have already been commissioned. Out of balance 14,067 MW worth projects, supplies in respect of 3,440 MW worth projects have been completed and are at various stages of erection. Balance 10,627 MW worth capacity is under construction/manufacture. BHEL was confident

of adhering to delivery schedule and achieving commissioning of their X Plan projects.

The year-wise phasing would be as follows:

(In MW)

2002-03 (Actual)	2003-04 (Actual)	2004-05	2005-06	2006-07	Total
1960	2092	3736	3523	9026	20337

(iii) In addition, being L-I bidders in Kawas and Gandhar Gas based Projects of NTPC, BHEL expect to get these projects and commission these units in open cycle mode within 10th Plan.

(iv) Further, it was agreed to that BHEL is in a position to commission another 3,000 MW gas based power projects within the 10th Plan, in case the decision in this regard is taken by March, 2005.

(v) For the 11th Plan preparedness, BHEL has put in place a capacity augmentation plan and by the end of 10th Plan, BHEL would be having capability to execute 10,000 MW worth projects in a single year.

(vi) Meeting was also convened with the representatives of IEEMA, which is an association of major suppliers of electrical equipments to the power sector. The requirement of electrical equipments of the power sector during the 11th Plan was made known to IEEMA. As a follow up to this meeting, another meeting with leading manufacturers of electrical equipment was convened to discuss the matters related to development of indigenous capability in respect of GIS, HVDC and 765 KVA transformers to meet the growing demand of these items in power sector."

Thermal Power Project

2.23 Out of 25417 MW thermal power projects targeted for 10th Plan, a capacity of 23261 MW is expected to be achieved during 10th Plan. The Committee are informed that the Tenth Plan envisaged building 15.6% of the thermal capacity using the more efficient super critical 660 MW modules. However, due to technological

constraints, all these projects would not materialize during the 10th Plan and instead capacity addition based on the proven 500 MW units was considered necessary.

2.24 The following thermal projects/capacities, which are based on Super Critical technology, have been slipped from 10th Plan.

Sl. No.	Name of the project	Capacity (MW)	Reasons for slippage
1.	Sipat-I	1320	Main plant order placed in April, 04. Units having longer gestation period of 48 months would now commission during 11th Plan.
2.	Barh STPP	660	Order yet to be placed
3.	North Karan Pura	660	Order yet to be placed
4.	Kahalgaon STPS-II (Ph.1) U-5	660	The unit size has been revised from 660 MW to 500 MW.
5.	Sipat STPS-II	660	The unit size has been revised from 660 MW to 500 MW.

2.25 Expenditure incurred on the Central Sector power projects slipping to 11th Plan is as given below:

Sl. No.	Name of the project	Installed Cap. (MW)	Expenditure incurred
1.	Sipat TPP St.I (NTPC)	1320	Rs. 586.69 Crore (Exp. till Jan.05)
2.	Barh STPP (NTPC)	660	Rs. 32.57 Crore (Exp. till Jan.05)
3.	North Karan Pura (NTPC)	660	-NIL-
4.	Maithon RBC TPS (DVC)	1000	Rs.7.83 Crore
5.	Neyveli TPS-II Exp. (NLC)	500	Not available as LOA is yet to be placed
6.	Barsingsar Lignite TPP (NLC)	250	Not available as LOA is yet to be placed

2.26 The Ministry of Power also informed that the concerned utilities have not submitted any Revised Cost proposal as yet. The cost escalation in respect of these projects, if at all therefore, would be marginal.

2.27 Further, NTPC has also dropped the implementation of 490 MW Thermal Power Plant extension at Dadri and Maithon RBC (1000 MW) to be set up by DVC in Joint Venture with M/s Tata Power could not be taken up due to delay in agreement for Joint Venture although most of the clearance was available. Capacity of Tripura (Monarchak) CCGT was revised from 500 MW to 280 MW. Work in respect of Tuirial (NEEPCO) (60 MW) stopped due to law and order problem since 10th June 2004.

2.28 Due to delay in getting PIB/CCEA clearances, two thermal power porjects to be implemented by Neyveli Lignite Corporation could not be commissioned during 10th Plan. The following plants would, therefore, be taken up during 2005-06 and be commissioned during 11th Plan:-

Sl. No.	Name of the project	Capacity (MW)	Reasons for slippage
1.	Neyveli TPS Exp. II	2x250	All clearances are available. Main Plant order is expected to be placed by April, 05
2.	Barsignsar	2x125	All clearances are available, Main plant order expected by August, 05

2.29 As regard to thermal projects in State Sector and Private Sector the following projects could not be taken up and have slipped to 11th Plan:-

Sl. No.	Name of the project	Capacity (MW)	Reasons for slippage
A.	State Sector		
1.	Tenughat TPP-St.II (Jhar)	210	Funds are yet to be tied up. Order is yet to be placed. State guarantee for repayment of loan is awaited.
2.	Anpara 'C' TPS (U.P)	500	UPRVUNL initially intended to take up this project with the financial assistance of JBIC. The same could not be materialized. Now they intend to take

			up through private participation.
3.	Mathania (Raj.)	140	-GSA with GAIL yet to be signed. -Order for main plant yet to be placed.
4.	Bakreshwar (W.B.)(U-5)	210	-U-5 slipping from 10th Plan due to late placement of main plant order.
5.	Lakwa (Assam)	38	-Funding to be tied up. -MOU with NE states for sharing of power to be signed. -Dropped from 10th Plan.
6.	Byrnihat (Megh)	24	-Project authorities have now dropped the project from 10th Plan.
|.	Mendipathar (Megh)	24	-Project authorities have now dropped the project from 10th Plan.
a.	Karaikal (Pondicherry)	100	-Gas linkage not firmed up. -Dropped from 10th Plan.
B.	Private Sector		
1.	Goindval Saheb (Punjab)	500	-Issue of Escrow cover and coal pricing to be resolved. -Dropped from 10th Plan.
2.	Bina (M.P) (U-1&2)	578	- M.P. Govt. not giving Escrow cover. - Dropped from 10th Plan.
3.	Jamnagar (Gujarat)	500	- Issue of change of EPC contractor not resolved by developer. - Financial closure to be achieved. - Dropped from 10th Plan.
4.	Ramagundam (A.P)	520	- Site works stopped in 07/01 and an amount of Rs. 235 Crore spent. - PFC has to enter into agreement with co-lenders to make the MOA effective. - PPA was valid upto 9.7.04. M/s BPL sought extension of PPA. Financial closure yet to be achieved. -Extension of coal linkage by SLC (long term), MOC.
5.	Hassan (Kar)	189	- Project to be cleared by KERC. LNG is now proposed as fuel in place of Naphtha. LNG supply is to be tied up. - Dropped from 10th Plan.
6.	Kaninminke (Kar)	108	- State Govt. not providing escrow cover. - Dropped from 10th Plan.
|.	Bihta (Bihar)	135	- Executing agency not decided so far. - Dropped from 10th Plan.
a.	Jegrupadu (A.P)	10	- Gas Turbine capacity revised from 150 MW to 140 MW.

2.30 Observing the shortfall in hydel power generation during 2004-05, the Committee enquired about the concrete steps that have been taken by the Government to remove the bottlenecks in the execution of hydel projects. In this regard, the Ministry of Power informed the Committee of the following steps to remove the bottlenecks in the execution of hydro projects:-

"(i) Project-wise strict monitoring of the ongoing hydel projects is being done and a nodal officer has been earmarked for monitoring the progress of each of the ongoing hydel projects. Site visits are being made by Secretary and other Senior Officers of the Ministry of Power and Central Electricity Authority and the progress of works is being monitored.

(ii) The Government has initiated advance action for taking up new hydro projects which would yield benefits in the 11th Plan period and beyond. The Government has taken steps for execution of all the CEA cleared projects.

(iii) 50,000 MW Hydro Electric Initiative: Ranking Study of the balance hydro potential sites for all the basins in the country was carried out by CEA during 2001-02. Based on the preliminary Ranking Study, about 400 Schemes with an aggregate installed capacity of about 1,07,000 MW were prioritized in all the six river systems of the country. 162 no. of schemes spread over 16 States considered attractive in the Ranking Study were taken up for the purpose of preparation of preliminary Pre-Feasibility Reports in the year 2003-04. All the PFRs have been completed in September, 2004.

(iv) Strengthening the role of Public Sector for taking up new hydel projects in view of the poor response of the private sector so far in hydro development. Mega hydro projects in the North and North Eastern region are also proposed to be executed by CPSUs in case the State or the private sector is not in a position to implement these projects.

(v) With a view to bring in additional private investment in the hydel sector, a greater emphasis is being given to take up schemes through the joint

ventures between the PSUs / SEBs and the domestic and foreign private enterprises.

(vi) A greater private investment through IPPs including joint ventures is being encouraged and incentives and reliefs are being provided to stimulate and maintain a trend in this direction.

(vii) One of the main reasons of delay in project implementation is delay in obtaining the Environment and Forest Clearances from Ministry of Environment and Forest. Regular meetings are being taken at the level of Secretary with MoEF for expediting environment and forest clearances of hydel projects."

2.31 About target for 11th Plan, the Secretary, Ministry of Power during evidence on 23rd March 2005 submitted as under:-

> "We have a steadily increasing capacity coming into the system. If we have 60,000 MW to come in the 11th plan, an average of 12,000 MW should come. So, 8,000 to 9,000 MW should be coming every year in the beginning of the 11th plan, and something like 13,000 MW should be coming towards the end of the plan."

PRIVATE SECTOR PARTICIPATION IN POWER GENERATION

2.32 The first major step towards encouraging private investment in the Power sector was taken in 1991 by providing a legal frame work through an amendment of the then existing Electricity (Supply) Act, 1948. Subsequently, a definite tariff framework was also put in place through notification issued by the Government of India. Further, to bring about rationalization and transparency in tariff setting process, the institution of Independent Regulatory Commission was created through an enactment in 1998. Under the Electricity Act, 2003, tariff for supply of power by a generating company to a distribution licensee through long term Power Purchase Agreement (PPA), is to be determined by the Regulatory Commission.

2.33 According to Ministry of Power, the response to Government's Energy Policy by private entrepreneurs has been encouraging. Since 1991, a total capacity of around 7400 MW from 37 private power plants has so far been commissioned. Another capacity of around 4500 MW from 12 projects is under construction. However, the Committee observe that against the original Xth Plan target of 7121 MW for power generation in Private Sector, only 4899 MW Capacity addition is being attempted.

2.34 With the enactment of Electricity Act, 2003, there has been a renewed interest of Private Sector in power. With the initiative of Ministry of Power, an Inter-Institutional Group (IIG) comprising senior representatives from the financial institutions and the Minstry of Power has been set up for facilitating early financial closure of private power projects. The Group consisted of Managing Director, State Bank of India – Chairman & Convenor; one senior representative each from IDFC, IDBI, ICICI, LIC & PFC, Joint Secretary, Ministry of Power. This Group has been focusing closely on projects which could achieve early financial closure and possible come up within the Xth Plan. Eleven such projects discussed in the IIG having a total capacity of 4001 MW have achieved financial closure in the recent past and another 8 projects with an aggregate capacity of 9565 MW an a possible investment of Rs. 33,000 crore are being pursued for early financial closure.

2.35 While going into the details of the power projects commissioned so far in private sector during the X Plan, the Committee observe that projects with a power generation capacity of 648 MW have been commissioned so far. Projects of 3886 MW are under execution and 365 MW (AKHAKOL CCPP, GUJRAT) is under awarding stage.

2.36 When asked about the present status of financial closure of IPP projects and the time schedule of commissioning of these projects, the Committee have been informed as under:-

> "The Inter Institutional Group (IIG) comprising senior representatives from the major Financial Institutions / Banks and the Government of India (Ministry of Power) was constituted to facilitate early financial closure of private sector power projects. The IIG has been an effective platform for the project developers and Financial Institutions to resolve the outstanding issues. The following 11 projects

have achieved financial closure and 9 other are being pursued for early financial closure:-

Sl. No	Project name (fuel & location)	Capacity (MW)	Likely Commissioning schedule
IPPS WHICH HAVE ALREADY ACHIEVED FINANCIAL CLOSURE			
1	Vemagiri CCGT (Gas),Vemagiri Generation Power Ltd.	370	December, 2005
2	Peddapuram (Gautami) CCGT (Gas), Gautami Power Private Ltd	464	2nd/3rd quarter of 2006
3	Jegurupadu Exp (gas), GVK Industries	230	January, 2006
4	Konaseema CCGT (Gas), Konaseema EPS Oakwell Power Ltd.	445	September, 2006
5	Jojobera Exp (Coal), Jamshedpur Power Co.	120	February, 2006
6	Valantharavai GTPP (Arkay Energy Ltd.) (Gas)	52.8	May, 2005
|	Karuppur (Tanjore) CCPP (Aban Power Co.Ltd.) (Gas)	120	May, 2005
a	Raigarh (Jindal Power Ltd.) TPP(Coal).	550	June, 2007
Å	Malana-II HEP (Everest Power)	100	April, 2009
10	Torangallu Expn (Jindal Thermal Power Co.Ltd.)(Coal) (Provisional in-principle subject to fulfillment of conditions.)	500	Subject to allocation of captive coal block
11	Akhakhol (Surat) CCGT (M/s Torrent Power Generation Ltd.)	1050	1st unit – March, 07 2nd unit - July, 07 3rd unit – Nov., 07
		4001.80	

Sl. No.	Project name (fuel & location)	Cap (MW)	Anticipated Commissioning schedule	Status of achieving financial closure
IPPS WHICH ARE BEING MONITORED BY IIG FOR EARLY FINANCIAL CLOSURE				
1.	Mangalore Thermal Power Project (TPP) (coal), M/s Nagarjuna Power Corpn. Ltd. , Karnataka	1015	Unit 1st: 1st quarter of 2008 Unit 2nd: 2nd quarter of 2008	As of now, financial closure of these projects are dependent on many factors including largely action on the part of the project promoters to satisfy the lenders (FIs) on the viability of the project & the credibility of the promoter executing the project
2.	Pathadi TPP (coal), M/s Lanco Amarkantak Power Pvt. Ltd., Chhattisgarh	300	36 months from the date of financial closure	

3.	Karcham Wangtoo Hydro Electric Project (HEP), M/s Jaypee Karcham Hydro Corporation Ltd., Himachal Pradesh	1000	30.11.2010	promoter executing the project. The Ministry of Power, acts as a facilitator in expediting clearances / sanctions pending with the Ministry of Petroleum & Natural Gas, Ministry of Coal, Ministry of Environment & Forest, etc. The financial closure of these projects are being targeted within the next few months dependent on the outcome of the deliberations between the projects promoters and the financial Institutions and action taken by the promoters in fulfilling the requirements of the lenders (FIs).
4.	Dadri CCPP (Gas), M/s Reliance Energy Ltd., Uttar Pradesh	3500	Tentatively planned for 2008-09 but likely to get delayed on account of finalisation of gas supply of agreement.	
5.	Allain Duhangan HEP, M/s Rajasthan Spinning & Weaving Mills, Himachal Pradesh	200	April, 2009	
6	Coal based TPP at Vile, Maharashtra, M/s. Tata Power Company Ltd.	1000	March, 2009	
7	Gas Based GPEC-II Power Plant in Gujarat, M/s. CLP Power India	1050	October, 2007	
8	Hazira CCPP of M/s.Essar Power Limited	1500	Module 1: Sept., 07 Module 2:Sept., 08	
9	Rosa Power project near Singrauli of M/s. Indo Gulf Fertilisers (Aditya Birla Group)	567	40 months from date of financial closure	
	Total	10,132		

2.37 On short fall in achieving power generation targets, the secretary Ministry of Power informed that because of the coal & gass shortage, there was a loss of almost two billion units of electricity.

2.38 The Committee observe that out of a total of 116245 MW of present power generation capacity, thermal power accounts of 80,702 MW i.e. 69.52 percent of the total power generation and Hydro at 30,335 MW is only 26.09 percent. The Committee are perturbed to note the slow achievements of targets for Hydro power generation during 2004-05. As against the hydro power capacity addition targets of 2585 MW, the actual achievement till 30th November 2004 were only 405 MW. The Committee are unhappy to observe the failure of the executing agencies to achieve the targets leading to further deterioration in hydel-thermal mix. The Committee find that although the Government have formulated 50,000 MW of schemes for additional Hydro power generation in all the six river systems of the country, the present trend indicate that the targets fixed for hydel power generation are unlikely to be achieved. The Committee, therefore, recommend that a time-bound action plan be prepared by the Government to fully explore the hydro-power potential and achieve the targets set for capacity addition and apprise the Committee of the same.

2.39 The Committee observe that due to delay in getting PIB/CCEA clearances, two thermal power projects based on lignite viz. Neyveli TPS Exp.II, 500 MW and

Barsignsar, 250 MW; the Neyveli Lignite Corporation could not commission them during 10th Plan. The Committee are unhappy to note the delay in getting PIB clearances for these two lignite based power projects and would like to know the targeted completion of these plants where all clearances have been reported to be available. At the sametime, the Committee stress that the total potential of Lignite based thermal projects in the country be identified and a time bound action Plan be formulated by the Government to implement them. The Committee would like to know the action taken by the Government in this regard.

2.40 The Committee observe that as against the targets set for the 10th Plan at 22832 MW, 11157 MW and 7121 MW for Central State and Private Sectors respectively for power generation, only 29.9% (6830MW) in Central sector, 26% (2905.64 MW) in State sector and 10.1% (648 MW) in Private sector have been commissioned so far. The Ministry of Power have informed the Committee that 34861 MW of capacity addition is likely to be achieved out of the total target of 41110 MW for the 10th Plan. The Committee feel that programme of the Government to add one lakh mega watt of power generation by the end of Eleventh Plan seems to be unachievable with the reduction of total Plan outlays by about Rs. 33,300 crore and delay in completion of projects under construction. The Committee find that the majority of the power projects which were to be completed during Xth Plan are still under construction stage and only 25.4% of the projects have been commissioned so far. To achieve the target of 1,00,000 MW by the end of 11th Plan, the Committee note that more than 63,000 MW capacity addition will have to be achieved during 11th Plan even if 34,861 MW of power capacity addition projects are completed within 10th Plan. The Committee also observe that out of 34027

MW capacity addition projects, projects of 20,337 MW are being executed by Bharat Heavy Electricals Limited (BHEL) during Xth Plan. BHEL is reported to be enhancing their capacity to enable it to execute 10,000MW worth projects in a single year. The Committee hope capacity augmentation programme of the BHEL will rejuvenate the Central Sector in achieving the target of about 79%. But, the Committee desire advance action plan should be prepared by the Government so that 11th Plan projections for capacity addition are achieved. At the same time, the Committee also recommend that all out efforts should be made by the Government/Power Grid Corporation India Ltd. to expedite the completion of the National Grid at the earliest.

2.41 The Committee are constrained to observe that because of inadequate coal & gas supply, there was a loss of about two billion units of electricity during 2003-04 & 2004-05 against the set targets of power generation. The Committee failed to understand that although there exist a Standing Committee on Coal Linkage of Ministry of Coal on which Ministry of Power also have representation, how inadequate supply of coal affected the power generation programme. The Committee, therefore, urge the Ministry of Power to take up the matter with the Ministry of Coal and Ministry of Petroleum & Natural Gas to ensure adequate supply of coal and gas.

2.42 As regard to private sector participation in power generation programme, the Committee find that targets set for 9th and 10th Five Year Plans could not be achieved. The 10th Plan target of Power generation by private sector have been revised to 4899 MW against the original targeted power generation of 7121 MW. Out of this 4899 MW of power generation being attempted, projects only worth 648 MW have been commissioned so far and 3886 MW of Power generation projects are reported to be under

execution. The Committee, feel that in spite of sound policy initiative taken by the Government to attract the private sector participation, its performance has not been found upto the mark. Eighth and Ninth Five Year Plans basically failed to achieve their power generation targets because of the failure of the private sector. The same story is being repeated in 10th Plan. The Committee also disapprove the present trend of setting higher targets at the Plan formulation stage which are far less than those actually accomplished especially in the Central sector and Private sector and desire that the Government should try to set realistic target for Government sector which can be achieved during the specific period. The Committee note that an Inter-Institutional Group (IIG) comprising senior representatives from the financial institutions and the Ministry of Power has been set up for facilitating early financial closure of private power projects. The Committee, desire that an indepth study of the failure of the private sector may be made and corrective steps should be taken to improve their performance. The Committee also observe that there are a number of power projects which were approved and had reached an advanced stage but have been held up due to various reasons resulting in time and cost over runs. The Committee strongly recommend that these projects, e.g. Dabhol in Maharashtra and similar other projects be started on priority after settling the issues and ensuring that additional power is given to the State Electricity Boards/consumers at reasonable rates.

2.43 The Committee further observe that the Tenth Plan envisaged building 15.6% of the thermal capacity using the more efficient super critical 660 MW modules but due to technological constraints, all these projects would not materialize during the 10th Plan and instead capacity addition based on the proven 500 MW units will be taken

up. The thermal power projects based on Super Critical Technologies are Sipat-I 1320 MW, Barh STPP 660 MW, North Karan Pura 660 MW, Kahalgaon STPS-II (Ph.1) U-5 660 MW and Sipat STPS-II 660 MW. Further, capacity of Tripura (Monarchak) CCGT has been revised from 500 MW to 280 MW and work in respect of Tuirial (NEEPCO) (60 MW) has already been stopped due to law and order problem since 10th June 2004. The NTPC has also dropped the implementation of 490 MW Thermal Power Plant extension at Dadri and Maithon RBC (1000 MW) to be set up by DVC in Joint Venture with M/s Tata Power could not be taken up due to delay in agreement for joint venture although most of the clearances were available. The Committee find that the Government have failed to explain the reasons due to which technological constraints for plants, based on Super Critical Technology were not observed/ identified at the Plan formulation stage resulting in their present slipping from the 10th Plan. The Committee feel that the technological constraints, as sighted by the Government now should have been noticed at the time of initiation of these projects. The Committee, desire that all out efforts should be made to execute the projects as per schedule before these projects are either dropped or their capacity is revised. The Committee further desire that the Ministry/NTPC should put in R&D efforts to master the Super Critical Technology so that these projects can be completed during 11th Plan period.

C. CLEARANCE/APPROVALS FOR POWER PROJECTS

2.44 Asked about the various clearances/ approvals, which power utilities, are required to obtain and the suggestions of the Ministry of Power to reduce the number of clearances/ approvals so as to reduce gestation period of thermal plants, the Ministry of Power informed the Committee of the following clearances/ commitments applicable in case of thermal power projects:

Sl. No.	Clearance/ Commitment	Regulatory Body
1.	Commitment for land.	State Revenue Dett.
2.	Water availability commitment	State Irrigation Deptt.
3.	Water availability concurrence.	CWC
4.	No Objection Certificate for tall structures	Airports Authority of India
5.	Defence Clearance (for Greenfield projects)	Ministry of Defence
6.	Stage-I Site Clearance (applicable in case of Pit-head projects)	Ministry of Environment & Forests
7.	No Objection Certificate from State Pollution Control Board.	State Pollution Control Board
8.	Environmental Clearance.	MOEF
9.	Forest Clearance.	MOEF
10.	Clearance from Coastal Zone Regulation consideration (if applicable).	MOEF
11.	Long Term fuel linkage.	Coal-Ministry of Coal (Standing Linkage Committee) Gas- Ministry of Petroleum & Natural Gas
12.	Fuel transportation Clearance	Ministry of Railways

2.45 According to Ministry of Power, suggestions in respect of expeditious clearances/commitments of the project should be as given below:-

(i) Water Commitment

In case the water source involves inter-state issues, approval from CWS and Ministry of Water Resources is required, which takes a very long time. As happened in the case of Vindhaychal Stage-III project, the necessary clearances were available after more than four years from the date of application.

The Ministry of Power have desired that especially in cases where inter-state matters are involved, it is proposed that the meetings may be convened at Ministry of Water Resources level, wherein all concerned states are represented and the decisions could be arrived quickly and clearance accorded in 6 months.

(ii) State-I Site Clearance by MOEF

Presently, above clearance is accorded for pit-head power projects.

The Ministry of Power have suggested that the above clearance should also cover non-pit head power projects so as to establish the locational project viability from environmental considerations at the initial stage itself.

(iii) Environmental clearance of Ministry of Environment and Forests

The application for obtaining Environmental Clearance could only be made after receipt of No Objection Certificate (NOC) from State Pollution Control Board (SPCB). For making the application to SPCB, Interim EIA Report, Executive Summary in English and local language and the Feasibility Report of the project must be enclosed with the application in requisite form along with deposit of application fee. After initial examination, SPCB notifies the date of Public Hearing through local news papers and other means for wide circulation indicating specified time period for the hearing. Public Hearing is conducted and on satisfactory conclusion of Public Hearing, NOC is issued by SPCB. This process takes about 4 to 6 months time.

MOEF on receipt of application along with NOC from SPCB, examines the proposal and if necessary, a site visit is undertaken. Once clarifications to various queries are submitted to MOEF, the proposal is considered in the meeting of Experts Committee of MOEF and at times the Expert Committee decides to visit the project site. Subsequent to the site visit, the proposal is again considered in the Experts Committee Meeting and thereafter the Environmental Clearance is accorded. This process of MOEF clearance also takes around 4 to 6 months in normal course of time.

According to Ministry of power, the following issues should be addressed in this regard:

i) SPCB to examine the proposal and complete the public hearing within 60 days of submission of application and issue the NOC within next 30 days.

ii) Site visit by MOEF, if required, to be made within one month of submission of application for environmental clearance.

iii) Members not present in the Expert Committee (EC) Meeting may send comments to EC in writing. Queries of EC should be consistent and should be given in one go.

iv) MOEF to examine the proposal, seek clarifications in one stage and finalize/accord Environmental clearance within 90days from the submission of application

2.46 The Committee have been apprised that Ministry of Power through NTPC and NHPC has plans for massive capacity addition programme of power generation during the X and XI plan. This has to be done in environmentally sustainable manner, meeting the mandatory/statutory requirements of compensatory afforestation for clearance of new power projects under the provisions of the Forest (Conservation) Act, 1980. Ministry of Power and Ministry of Environment & Forests on their own in the meeting of the Hon'ble Ministers of two ministries on 29.1.1999 agreed to the creation of Special Purpose Vehicle for raising the compensatory afforestation in advance for future project to be undertaken by Ministry of Power through its Public Sector Undertakings.

2.47 Accordingly, a Special Purpose Vehicle has been registered by NTPC as National Power Afforestation Society (NPAS) with the objective to coordinate with the

Ministry of Environment & Forests (MOEF) , State forest Departments wherein projects are likely to come up involving the forest areas for compensatory afforestation. In order to operationalize the SPV, a draft Memorandum of Understanding (MOU) between Ministry of Power and MOEF on creation of a SPV for afforestation has been finalized and sent to MOEF on 20.9.2001. The memorandum is still to be made effective.

2.48 The Committee are surprised to note that even for setting up a Thermal Power Plant, clearances have to be obtained by the project authorities from as many as

ten different authorities besides getting Investment clearances from Financial Institutions and Public Investment Board in respect of projects taken up by PSUs. A close look at these clearances/commitments indicate that projects like Vindhayachal Stage-III was delayed by more than four years only because necessary clearances regarding water commitment was made available by CWC/ Ministry of Water Resources after 4 years from the date of application. These clearances from the Ministry of Environment and Forests regarding site and environment should have to be given within one year.

2.49 At the same time, the Committee take a strong note on the inaction of the Ministry of Environment and Forests (MOEF) to the operationalisation of draft Memorandum of Understanding between Ministry of Power and Ministry of Environment and Forests on creation of a Special Purpose Vehicle with an objective to coordinate with the MOEF and State Forest Departments. This draft agreement is pending with them since 20.09.2001. The Committee take a strong note of the casual manner in which the matter regarding grant of clearances to the power projects is being dealt with by the Ministry of Water Resources/CWC and Ministry of Environment and Forests and desire that this matter be brought to the notice of Prime Minister's Office so that the Special Purpose Vehicle can be operationalised. The Committee also desire that a Central Committee consisting of officials from Ministries of Power, Water Resources and Environment and Forests and other related departments should be created which can be assigned the task of providing all clearances to the power projects in a time bound manner.

D. Energy Conservation

2.50 The Government have set up the Bureau of Energy Efficiency (BEE) under the provisions of the Energy Conservation Act, 2001 w.e.f. 1st March, 2002. The Ministry of Power have released one time corpus fund of Rs. 50.00 crore under the budget allocation for the year 2002-03. BEE has been authorized to invest the same in such a way to earn the best return. The corpus fund was released to BEE during January, 2003, which on the advise of Executive Committee of Bureau and Governing Council of Bureau, has been parked on a private placement basis with NTPC in long-term (20 years) Secured Non-Convertible, Non-Cumulative Redeemable Taxable NTPC Bonds of Rs. 10.00 lakh each at the interest rate of 8.75% per annum, payable on quarterly basis. Annually, BEE is reported to be earning about Rs. 4 to 4.45 crore from the investment so made. BEE is presently, in the initial phase of establishing the institutional promotional and regulatory arrangements and the corresponding expenditure incurred is being met from the interest earned on the corpus fund. However, some of Energy Conservation activities are being funded from External Sources like GTZ, USAID, UNDP, etc. The token provision of Rs. 1.00 lakh in the Budget had been earmarked during 2004-05 to facilitate the flow of external aid to BEE which was revised to Rs. 6 lakh during the year. There is nil budgetary support in the Demands for Grants 2005-06 of the Ministry of Power for energy conservation activities.

2.51 The Ministry of Power have informed the Committee that most of the Energy Efficiency schemes like Designated Consumer Programmes for Industries and Commercial Establishments, Energy Efficiency Programme for Government Building and Standard & Labeling Programme are self-financed and implementation of Energy Conservation measures is a financially Viable and self-paying proposition, therefore it does not need budgetary outlay for the same. Various Energy Conservation Companies (ESCOs) are taking up the Energy Conservation investment Programme whereby they will be paid out of the cost of energy saved by the owner. BEE is laying down

appropriate standards, guidelines apart from disseminating information about energy conservation and highlighting good performance by various awards and publicity.

2.52 On being enquired about the reason for not making available the budgetary support to promote energy efficiency scheme, the Ministry of Power informed the Committee in a written reply as under:-

> "Bureau of Energy Efficiency is presently in the initial phase of its establishment of the institutional, regulatory and promotional mechanism and the corresponding expenditure incurred is being supported by fee charged for services provided, interest earned on corpus fund and bi-lateral programmes which is sufficient to carry out its present activities. As and when the need for any other scheme to be sponsored by the Centre is felt, the Government will provide the financial support."

2.53 Bureau of Energy Efficiency (BEE) after being established w.e.f. 1/3/2002 have initiated the following programmes:

(i) Indian Industry Programme for Energy Conservatin – Task Force set up – Targets for annual energy saving of Rs. 400 Crore.

(ii) Demand Side Management – 4 projects under implementations.

(iii) Standards and labeling programme – Agricultural, Industrial and domestic equipments including refrigerator and air-conditioner have been taken up.

(iv) Energy audit in Government buildings like Rashrapati Bhavan, PMO, Shram Shakti Bhavan etc completed – Energy saving between 23% to 46% identified.

(v) Energy conservation buildings codes under preparation by experts.

(vi) Professionals certification and accreditation conducted

(vii) Energy conservation awareness programme in 31 schools of Delhi taken up.

2.54 About the progress achieved in the standards and labelling programme, the Committee have been informed as under:-

(i) Agricultural pump sets, Motors, Fluorescent tube lights, Distribution transformers, Household Refrigerator and Air conditioners have been taken up for labelling.

(ii) Proficiency testing to insure accuracy of testing between labs conducted for refrigerator test labs.

(iii) Refrigerator testing-training imparted to engineers from manufactures and individual test laboratories.

(iv) Consumer and market research for energy labels completed.

The launch of labels is proposed to be done in a phased manner. Presently draft regulations are under preparation and the same will be submitted to Ministry of Law for vetting."

2.55 Further in pursuance of government policy and announcement, the Bureau of Energy Efficiency had initiated undertaking energy efficiency programme in various Central Government buildings & establishments such as administrative buildings of the ministries, hospitals, airport, defence establishments, port trust etc. Performance Contract document, Payment Security Mechanism, Monitoring & Verification protocol, Bidding Evaluation and Selection Criteria have been prepared to facilitate ESCO's participation. Performance contract document was vetted by Ministry of Law. Contracts have been awarded by CPWD by August 2004 for Rashtrapati Bhawan, Shram Shakti Bhawan, and Transport Bhawan. Rail Bhawan invited tenders and expected to award contract shortly.

2.56 Asked about the present status of Energy Conservation Building Codes (ECBC), the Committee have been informed that these are to be prepared for each of the six climatic zones of India for notified commercial buildings. The codes will cover energy efficiency aspects of building envelope, heating, ventilation and air conditioning

(HVAC) system; lighting system; electric power and distribution system, and service water heating and pumping system.

The data collection activity was continued from previous year and the four meetings of Committee of experts were held. The draft ECBC is being developed and reviewed by a Committee of experts. The development effort is also being focused on training and capacity building.

2.57 When asked about any coordination with the State Governments to promote energy efficiency schemes in States all over the country, the Ministry of Power informed the Committee in a written reply as under:-

> "Bureau of Energy Efficiency requested State Governments to notify State Designated Agency to Coordinate, regulate and enforce provisions of the EC Act within the State. In response to the above request, 21 States and Union Territories have notified their State Designated Agencies, such as State Electricity Departments, Non-Conventional Energy Development Cooperation's, Energy Development Agency etc."

2.58 As regard to the suggestion of the Standing Committee on Energy about allowing the Energy Conservation equipment to be eligible for 100% depreciation, the Ministry of Power had stated that the above activity of reviewing the energy conservation equipment for 100% depreciation and other schemes for fiscal incentives to encourage faster penetration of energy efficient technologies were proposed to be taken up in the financial year 2004-05.

2.59 In response to the specific query asked about the present status of implementation of the above referred recommendation of the Standing Committee on Energy, the Ministry of Power have replied in a written note as under:-

"Bureau of Energy Efficiency have invited quotations for conducting studies on 100% depreciation incentive to encourage faster penetrations of energy efficient technologies. The objectives of the study are:-

- Review the existing list of devices which are eligible for this incentive and evaluate latest energy efficient, monitoring, instrumentation and control devices that would qualify to be included.
- Discuss and develop possible ways of better utilizing this incentive, so that the usage of energy saving equipment can be wide spread.
- Discuss about the possibilities of extending this incentive to capital incentive projects (including recycling) resulting in energy efficiency.

Six bids have been received and are being evaluated for entrusting the study."

2.60 The Committee observe that although Bureau of Energy Efficiency was established w.e.f. 1st March, 2002, the programmes initiated by it such as standards and labeling, energy audit in Government buildings, energy conservation building codes etc. have yet to gain momentum. The Committee, therefore, desire that the standards and labeling of electric equipment be speedily taken up and completed within a fixed time schedule the next 3 months as it would help in significant saving of the energy. The Committee further note that energy audit of only 8 Government buildings have been completed so far and even in these buildings, although energy saving potential in the range of 23% to 46% has been identified, energy conservation work is yet to be taken up. The Committee also find that only one pilot project to educate students of 31 schools in Delhi has been taken up by BEE so far. Since conservation and efficient use of energy is the need of hour, the Committee desire that energy audit for more and more Government buildings should be undertaken. Further, Industrial/Corporate houses should be encouraged to take up the energy conservation schemes. The Committee would like to be apprised of the studies completed and action taken thereon. The Committee also stress that an action plan should be prepared to ensure that all States should take up elaborate steps to ensure that a minimum of 23% of the Energy which can be saved by means of energy audit and use of energy efficient devices should be taken up and completed in the 10th & 11th Plan periods. The Committee also recommend that pilot projects like one undertaken to educate school children in Delhi should be taken up

initially in all State capitals as it would also work as on awareness campaign about the energy efficiency/saving devices.

2.61 The Ministry of Power have informed the Committee that most of the Energy Efficiency schemes like Designated Consumer Programmes for Industries and Commercial Establishments, Energy Efficiency Programme for Government Buildings and Standard & Labeling Programme are self-financed and implementation of Energy Conservation measures is a financially viable and self-paying proposition and therefore it does not need budgetary outlay for the same. The Committee feel that since this is a new programme and require huge investments to provide for energy efficient appliances/equipment, the Government should provide more funds in the form of loans/grants to encourage people to take up these Schemes.

2.62 During the examination of the Demands for Grants 2004-05 of the Ministry of Power, the Committee were informed that 100% depreciation of energy conservation equipment and other schemes were proposed to be taken up during 2004-05. About the present status of implementation of the scheme, the Committee have been informed that Bureau of Energy Efficiency have invited quotations for conducting studies on 100% depreciation incentive to encourage faster penetrations of energy efficient technologies. The objectives of the study will include review of the existing list of devices which are eligible for this incentive and to evaluate latest energy efficient, monitoring, instrumentation and control devices that would qualify. Six bids are reported to be received and are being evaluated for entrusting the study. The Committee urge the Government to complete the proposed study in shortest possible time and take necessary

steps to provide 100% depreciation including energy saving devices during the Current financial year itself.

E. RURAL ELECTRIFICATION

2.63 Electrification is identified as an essential rural infrastructural input for improving production oriented activities like minor irrigation, agro-based rural and semi urban industries etc. for effecting growth in agricultural productivity and rural industrial production and for speeding up the pace of development of the rural economy.

2.64 By 30th November 2004, nearly 4.96 lakh villages out of total 5.87 lakh villages (1991 census) in the country were reported to be electrified accounting for about 84.6% village electrification level. With lying down the new definition of village electrification, it is expected that now more than 1.25 lakh villages will be unelectrified. The electrification of villages provide the needed base for energisation of 142.69 lakh pumpset thereby exploiting 72.8% of the total estimated pumpset potential of 195.94 lakhs and also leading to setting up of large number of agro-based rural industries and lighting of rural households.

2.65 Ministry of Power had issued Guidelines in May, 2004 for Rural Electrification Programme of One Lakh Villages and One Crore Households and approved a new scheme for electrification. The scheme would be implemented through the Rural Electrification Corporation which may associate other financial institutions in the implementation of the programme. These guidelines are reported to be aligned with the policies being formulated under section 4 and5 of the Electricity Act, 2003 that would facilitate sustainable provision of electricity in rural areas. The State Governments are required to make all projects receiving subsidy under the scheme compliant with section 13 and 14 of the Electricity Act, 2003 so as to enable the Rural Electricity Services Providers (other than existing State Utilities/Distribution Licensees) to act outside the purview of the State Electricity Regulatory Commissions for purposes of tariff determination (section 61,62 and 86 of the Electricity Act, 2003).

Village Electrification with Household Electrification

2.66 According to Ministry of Power, scheme shall cover electrification of unelectrified villages as on 31st March 2004 (according to the earlier prevailing definition of absence of use of electricity by even one person in the village habitation). In addition the scheme may also cover de-electrified villages on a case-by-case basis. Electrification projects based on grid extension as well as stand-alone electrification projects based on distributed generation would be eligible for capital subsidies under the scheme.

2.67 The Ministry of Power have informed the Committee that the project cost that qualifies for the capital subsidy under the scheme would include the cost of the decentralized generation system and the distribution network (poles, transformers, service connections up to the household premises and meters). Single point connection for BPL, households would be provided free of cost and from the subsidy granted under this scheme. The project would have the universal obligation to provide electricity to all consumers on demand as per the tariff proposal agreed between the beneficiaries and the Rural Electricity Supply Provider. In any event, it is mandatory, that at least 10% of the households in each village included in the project are electrified as provided under the new definition of village electrification.

2.68 Asked about the Budgetary provisions that have been made during 2004-05 and 2005-06 for implementation of the new schemes of Accelerated Electrification of One Lakh Villages and One Crore Households which covers Kutir Jyoti Programme also and the actual utilization of funds during 2004-05, the Committee have been informed as under:-

"Following are the budgetary provisions during 2004-05 and 2005-06:

(i) 2004-05

S.No.	Organisation/Schemes		(Amt. In Rs. Crore) Net Budgetary Support
1.	Kutir Jyoti Programme:	BE	300

		RE	**200**
2.	Interest Subsidy:	BE	200
		RE	**200**
3.	Total:	BE	500
		RE	400

The new scheme, "Accelerated Electrification of One lakh villages and One crore households" has been launched in February, 2004 by merging interest subsidy scheme, "Accelerated Rural Electrification Programme" (AREP) and Kutir Jyoti Programme. Accordingly, the estimates as above, would be applicable for this Government of India scheme.

The status of utilisation of funds is as under:

(a)	Capital Subsidy disbursed upto 15.03.2005	Rs. 377 crore
(b)	Expected disbursement of capital subsidy (cumulative as on 31.03.2005)	Rs. 525 crore

(ii) 2005-06

Total budget support for house hold electrification (Head : Ministry of Finance – Rs. 1100 crore).

(There is no budgetary support envisaged under Ministry of Power for rural electrification)"

2.69 According to the feedback available from various States, it is felt that if a sustainable rural electricity supply is to be ensured, then the burden of servicing the infrastructural cost should at the most be a nominal 10%. States are not in a position to take the debt burden required under the scheme. As a matter of fact, the general assessment is that even with zero burden of infrastructural cost on tariff, acceptance by consumers for paying at least the cost of electricity supplied would itself be a major challenge for the States. Thus an enhancement in capital subsidy to 90% is required if the objective of providing access to all rural households is to be achieved within

stipulated time frame. In view of this a scheme for providing 90% subsidy has been approved. The REC also initiated necessary steps required for the implementation of the scheme for its approval by the Government. Under this scheme, 90% Capital Subsidy is reported to be provided for:

(i) Creation of Rural Electricity Distribution Backbone (REDB) with one 33/11 kV (or 66/11 kV) substation in every block appropriately linked to the State Transmission System.

(ii) Creation of Village Electricity Infrastructure (VEI) for electrification of all un-electrified villages/habitations with distribution transformer (s) in every village/habitation.

(iii) Decentralized Distributed Generation (DDG) and Supply System for Villages/Habitations where grid supply is not cost effective and where Ministry of Non-Conventional Energy Sources would not be providing electricity through their programme(s).

(iv) Electrification of all un-electrified Below Poverty Line (BPL) households in the country free of charge.

The scheme would be implemented under the overall supervision and control of REC in its capacity as the lead agency responsible for the scheme.

Performance of REC

2.70 The following table shows the Sanction & disbursement of funds, regarding Rural Electrification Corporation:-

(Rs. In crore)

Year	Loan Amount	
	Sanction	Disbursement
1999-2000	4678	3051
2000-01	6308	4109
2001-02	6764	4722
2002-03	12125	6607
2003-04	15978	6017

2.71 The Committee observe that Ministry of Power have issued Guidelines in May, 2004 for Rural Electrification Programme for One Lakh Villages and One Crore Households and approved a new scheme for electrification. The scheme is to be implemented through the Rural Electrification Corporation which may associate other financial institutions in the implementation of the programme. These guidelines are reported to be aligned with the policies being formulated under Section 4 and 5 of the Electricity Act, 2003 that would facilitate sustainable provision of electricity in rural areas. The State Governments are required to make all projects receiving subsidy under the scheme compliant with section 13 and 14 of the Electricity Act, 2003 so as to enable the Rural Electricity Services Providers (other than existing State Utilities/Distribution Licensees) to act outside the purview of the State Electricity Regulatory Commissions for purposes of tariff determination (section 61,62 and 86 of the Electricity Act, 2003). Observing that about 1.25 lakh villages are still to be electrified as per the new definition (which provide that at least 10% of household should be electrified), the Committee failed to understand how the Government will achieve the targets of electricity to all by 2007 and cover the all villages and household by 2009-10 as per the National Common Minimum Programme in spite of low new capacity addition and lesser fund utilization for Rural Electrification activities.

2.72 Taking note of the fact that the electricity in rural areas is characterized by poor network and lack of maintenance primarily due to weak financial health of utilities and the utilities supplying power to rural areas consider such supply as commercially unviable on account of high fixed cost alongwith high variable cost and unsustainable commercial arrangements, the Committee desire the Ministries of Power & Non-

Conventional Energy Sources to come out with concrete time-bound plan & suggestions so as to ensure that the target set under National Common Minimum Programme and National Energy Policy for completing rural household electrification in the next five years is achieved.

2.73 The Committee are further dismayed to note that although the Government have announced the programme of 'One lakh village electrification and One crore household' in Feb., 2004, by covering both Kutir Jyoti Programme and Accelerated Rural Electrification Programme, against the budgeted amount of Rs. 500 crore, the revised estimates during 2004-05 were only Rs. 400 crore. The Committee are further surprised to note that against the total capital subsidy of Rs. 525 crore, a huge amount of Rs. 148 crore still remain to be disbursed during the last 16 days of the financial year which is difficult to be achieved. The Committee feel that the whole amount should be utilised equally in all the four quarters of the year.

2.74 The Committee are constrained to note that disbursement of funds by Rural Electrification Corporation as loan amount to the state utilities is very low as compared to the amount sanctioned. During 2002-03, against the sanctioned funds of Rs. 12,125 crore, the disbursements were only Rs. 6607 crore and during 2003-04, these were Rs. 6017 crore against the sanctioned loan amount of Rs. 15,978 crore. The Committee take a strong note of the fact that in spite of their repeated recommendations for disbursement of funds for rural electrification schemes as sanctioned, the funds released by REC since 1999-2000 for different schemes were much below the sanctioned funds. The Committee also observe that as per the feedback available from various States, it is felt that if a sustainable rural electricity supply is to be ensured, then the

burden of servicing the infrastructural cost should at most be a nominal 10%. States are not in a position to take the debt burden required under the scheme. As a matter of fact, the general assessment is that even with zero burden of infrastructural cost on tariff, acceptance by consumers for paying at least the cost of electricity supplied would itself be a major challenge for the States. Thus, an enhancement in capital subsidy to 90% is required if the objective of providing access to all rural households is to be achieved within stipulated time frame. In view, of this a scheme for providing 90% subsidy has been approved. The REC also initiated necessary steps required for the implementation of the scheme for its approval by the Government. State Governments/agencies are reluctant to take loan for this unattractive Rural Electrification scheme as there will be no profits to be earned. The Committee expect that at least now the funds which will be available for 90% capital subsidy should be disbursed during a particular year in future. In view of the low disbursement of funds, the Committee recommend that the Government/REC should take all necessary steps so that the schemes planned for completion by the year 2009-10, be implemented and funds disbursed thereon. The Committee would like to know the action taken by the Government/REC in this regard.

F. Accelerated Power Development & Reform Programme (APDRP)

2.75 The Govt. of India have approved Accelerated Power Development and Reform Programme (APDRP) in March 2003 with a focus on distribution reforms with the following four objectives :-

(i) Reduce AT&C losses

(ii) Bring about commercial viability in the power sector

(iii) Reduce outages & interruptions and

(iv) Increase consumer satisfaction.

2.76 The programme has an outlay of Rs. 40,000 Crore as additional Central Plan Assistance to State Governments during Tenth five-year plan. The programme has following two components.

Investment: Government of India provides Additional Central Plan Assistance to the States for undertaking projects for strengthening and up gradation of Sub Transmission and Distribution network for reduction in technical & commercial losses & feeder outages and better reliability & increased customer satisfaction and to bring commercial viability to the power sector. 50% of the project cost is provided as Additional Central Plan Assistance in the form of 50% grant and 50% loan to the State utilities. Utilities have to arrange remaining 50% of the project cost from Financial Institutions like PFC/REC or their internal resources. Special category states are entitled for 100% assistance in form of 90% grant and 10% loan (NE states, J&K, H.P., Uttaranchal and Sikkim). The focus is on high-density networks i.e. urban centers where investment could lead to substantial, quick & demonstrable results. The investment component has an expected outlay of Rs. 20,000 Crore during Tenth Plan.

Projects sanctioned	**Rs. 17619.07 Cr.**
o No. of projects	499
o Funds released	Rs. 4112.03 Cr.
o Counterpart funds tied up:	Rs. 6233.92 Cr.
o Counterpart funds drawn:	Rs. 2044.99 Cr.
o Funds Utilised	Rs. 4762.18 Cr.

From the status of the sanctioned project under APDRP as on 1st Feb., 2005, the Committee observe that out of the total number of 499 projects schemes approved for strengthening/ upgrading sub-transmission and distribution network and sanctioned in the year 2002, the work completion of majority of the schemes is less than 50%.

Incentive: This component has been introduced to motivate the SEBs/Utilities to reduce their cash losses. Funds are provided to SEBs/utilities for actual cash loss reduction by way of one for two matching grants. FY 2000-01 has been fixed as base year. Expected outlay under the incentive component is Rs. 20,000 Crore.

Incentive amount released:

State	Rs. in Crore
Andhra Pradesh	265.105
Gujarat	236.37
Haryana	105.49
Maharashtra	137.89
Rajasthan	137.71
West Bengal	73.00
Total	**955.58**

APDRP Investment and Incentive status as on 1st January 2005 are at Annexre II & III.

2.77 Incentive claims of Assam, Himachal Pradesh, Gujarat (2002-03), Goa, Karnataka, Kerala, Maharashtra (2002-03) and M.P. are under scrutiny at various levels. The Ministry organised a workshop in July 2004 to discuss various aspects of the incentive scheme with state representatives and to finalise the procedure of calculating incentive.

2.78 The Committee have been informed that APDRP is an instrument to leverage distribution reforms in the States. The States were asked to commit a time-bound programme of reforms as elaborated in the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA). States have to take administrative and commercial steps in addition to the technical interventions, which will help them in efficiency improvement in the sector. The Ministry are reported to be closely monitoring the progress of States on activities committed under MOA and implementation of APDRP projects directly and through NTPC and POWERGRID, who are working as Advisor cum Consultant to the States. Secretary (Power), Government of India also took region-wise annual review of all the states during November 2004. The States have also

constituted Distribution Reforms Committees in their respective state for reviewing and monitoring of progress on reforms and implementation of APDRP schemes. A workshop was arranged by the Ministry of Power in January 2004 to review implementation of the schemes and to emphasise use of quality equipments.

2.79 The Central Electricity Authority has reported that the States of Arunachal Pradesh, Assam, Bihar, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Orissa, Rajasthan, Uttar Pradesh, Uttaranchal & West Bengal have shown reduction in Transmission and Distribution Losses (T&D) during 2002-03 in comparison to the previous year. On national basis T&D loss has reduced from 33.98% during 2001-02 to 32.54% during 2002-03.

2.80 Progress on metering in the distribution sector for feeders increased from 81% in 2000 to 95% in 2004 and for Consumers it has increased from 77.6% in 2000 to 87% during 2004.

2.81 The Committee observe that the Government have launched the Accelerated Power Development & Reform Programme (APDRP) which aims at up-gradation of the Sub-transmission and Distribution (ST&D) system in the Country and improving the commercial viability of State Electricity Boards (SEBs) by reducing their aggregate technical & commercial (AT&C) losses to around 15% as against the existing over 50%. This strategy envisages technical, commercial, financial and IT initiatives. The Programme has two components i.e. Investment component and Incentive component, having expected outlay of Rs. 20,000 crore each during the 10th Plan. The Committee further observe that the States were asked to commit a time-bound programme of reforms as elaborated in the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA). States have to take administrative and commercial steps in addition to the technical interventions, which will help them in efficiency improvement in the sector. Although, the Ministry are reported to be closely monitoring the progress of States on activities committed under Memorandum of Agreement (MOA) and implementation of APDRP projects directly and through NTPC and POWERGRID, who are working as Advisor-cum-Consultant to the States from the APDRP Investment component, the Committee are dismayed to note that against an expected Plan Outlay of Rs. 20,000 crore and sanctioned projects of Rs. 17612.36 crore, the release of funds till date is only Rs. 4112.03 crore. The Committee are further perturbed to note that States like Bihar, Anurachal Pradesh, Manipur and Uttar Pradesh have very low utilization of funds released as on 1st January, 2005. The Committee are also not satisfied with the present level of reduction of T & D losses from 33.98% in 2001-02 to 32.54% during 2002-03 on national basis. Further, Progress on metering in the distribution sector for

feeders increased from 81% in 2000 to 95% in 2004 and for Consumers, it has been reported to be increased from 77.6% in 2000 to 87% during 2004. Taking note of the slow progress in the investment made to carryout reform in the States to reduce the transmission & distribution losses, the Committee feel that the funds of Rs. 4112.03 crore which have been released so far are too meagre against the total projects worth 17619.07 crore sanctioned. As a result of low disbursement, the Committee observe that out of total number of 499 projects/ schemes approved for strengthening/ upgrading sub-transmission and distribution network and sanctioned in the year 2002, the work completion of majority of the schemes is less than 50%. The Committee, therefore, recommend that the Government should take elaborate steps or liberalize the terms and condition to ensure that the State Government may make appropriate contribution of matching funds and participate enthusiastically in the scheme so as to make APDRP scheme a success.

2.82 The Committee have also taken a serious note of the fact that although through Investment component of APDRP, the States are disbursing funds to private distributing companies to upgrade/strengthen sub-transmission system under APDRP and thus benefiting the distribution companies to help them reducing the T & D loses, by 17 percent in a fixed period of five years. The Committee are anguished to note that the resultant benefit which was anticipated to go to the consumer is not coming up as there is regular increase in tariff and the distributing agencies have also failed to bring down the T & D loses to the desired level. The Committee understand that even otherwise, the private companies which have been awarded the transmission and distribution contracts are bound by an agreement *vide* which they are awarded the contract, to reduce the losses

and make certain amount of investments to improve transmission and distribution network in their area of work. Hence, they should not be considered for grant of any additional incentive for reduction in losses under APDRP scheme. This should be made available to the SEBs/State transmission and distribution utilities only. The Committee, therefore, desire that the Government should review the present scheme of providing subsidies to private companies. The Committee further recommend that the distributing companies shall bear the T& D losses and in no case these be passed on consumers by increasing the rate of electricity as they are duty bound to efficiently manage their affairs and the consumers should not be made to pay for companies inefficiency.

G. RENOVATION & MODERNISATION OF POWER PLANTS

2.83 Renovation & Modernisation (R&M) and Life Extension (LE) of the existing old power stations has been recognised as one of the most cost effective options to achieve additional generation by virtue of the short gestation period and low cost. In addition to generation improvement, other benefits such as life extension, improvement

in efficiency, availability, safety and environmental conditions are also achieved through R&M and LE Programme.

R & M of Thermal Power Station

2.84 Keeping this in view, the Committee observe that, the Government of India launched a Centrally sponsored scheme for R&M of 34 nos. of Thermal power stations in the country under Phase-I programme. Government of India sanctioned a Central Loan Assistance (CLA) of Rs.500 Crore. The programme was completed in the year 1992 and an additional generation of about 10,000 MU/ annum was achieved against a target of 7000 MU/ annum.

2.85 Encouraged with the benefits achieved from the Phase-I programme, the Phase-II programme for R&M of 44 nos. of thermal power stations was taken up in the year 1990-91. Power Finance Corporation (PFC) was assigned to provide loan assistance to the State Electricity Boards for R&M works. All the schemes were identified by the Roving teams comprising of engineers from CEA, BHEL and other utilities. An expenditure of Rs.862 crore was incurred. and an additional generation of 5000 MU/ year has been achieved. Also, the Life Extension works on 4 units (300 MW) of Neyveli Thermal Power Station were completed.

R & M programme during 9th plan

2.86 Encouraged with the results/ benefits achieved from R&M/Life Extension works carried out during the 7th and 8th Plan, the 9th Plan Programme was taken up in 127 units at 29 thermal power stations. The R&M works on all the 127 units are almost completed. The economic designed life of the thermal power units is considered to be 25 years. 25 Nos. of thermal units which had already completed their designed life of 25 years were also taken up for life extension works based on RLA studies during the 9th Plan. The LE works on 19 units were completed by the end of 9th plan. Works on balance 6 units which were started in 9th plan has been completed.

The salient features of the programme were as under :-

	Particulars	R&M	LEP
i)	Number of thermal power stations covered	29	7
ii)	Number of thermal units	127	25
iii)	Estimated Cost	Rs.913 Crore	Rs.1700 Crore
iv)	Total capacity involved	17306 MW	1685 MW
v)	Expected capacity after LEP	-	1741 MW
vi)	Additional generation / annum achieved	5100 MU	4600 MU
ix)	Total expenditure up to 2002-2003	Rs.818 Crore	Rs. 1261 Crore
x)	Total expenditure incurred during 2003-04	Rs. 20 Crore	Rs. 232 Crore
xi)	Total No. of R&M activities completed during the year 2003-04	50 Nos.	-
xii)	LEP works completed during 2003-04	-	125 MW (2 units)

R&M Programme during the 10th Plan (2002-03 to 2006-07)

2.87 During the 10th Plan, 106 Thermal units would require major refurbishment works based on RLA studies to increase their economic life for another 15 to 20 years. During the year 2003-04, the Life extension works of 4 units of Kothagudem unit- 8 (1x110 MW) and Korba (E) units 1,4&6 (2x40+1x120 MW) have been completed and works on remaining other units are at various stages of implementation. According to Ministry of Power, the works of Life Extension of 6 units will be completed during 2004-05. In addition, another 57 units will need R&M works to improve/sustain their performance. The R&M works on 36 units was undertaken during 2003-04. Works on 42 activities have been completed and 100 activities are likely to be completed during 2004-05 against total no. of 687 activities (targeted to be completed during 10th plan period). Anticipated benefits and Funds requirement for R&M works during the 10th Plan are given as under :-

	LEP	R&M
No. of Units	106	57
Present rated capacity	10413 MW	14270 MW
Capacity available after LEP	10747 MW	-
Anticipated increase in generation/annum	23700 MU	3000 MU

Anticipated increase in generation/annum	9340 MW	Sustenance
Estimated funds requirements	Rs.9200 Crore	Rs.978 Crore
Expenditure incurred during 2002-03	33 Crore	30 Crore
Expenditure incurred during 2003-04	Rs.193 crore	Rs.48 Crore

2.88 About the delays in implementation of R&M/LE Projects, the Ministry of Power while furnishing Action Taken Reply on Demands For Grants, (2004-05) of the Ministry have given following explanation:-

"Ministry of Power and CEA are vigorously following up with the utilities for expediting the R&M/LE works in following ways:

(a) Frequent meetings in CEA

(b) Frequent site visits by CEA/NTPC/BHEL engineers

(c) Technology inputs by CEA/NTPC

(d) Guaranteed funds at concessional rates of interest are available through PFC.

(e) Compensation (to a limited extent) for generation loss during shut down for LE works are being offered from Central pool.

(f) Vigorous follow up is done through meetings and correspondence at the levels of Member, CEA, Chairman, CEA and Secretary (Power), Government of India.

(g) Guidelines have been issued by the Ministry of Power for speedy implementation of the R&M/LE works.

It is well known that there has been tremendous improvement in the performance of the thermal units where LE works have been completed. It is disappointing that the stations which are running with poor performance are also slow in implementation of R&M/LE works despite of vigorous follow up by CEA and the Ministry of Power."

RENOVATION AND MODERNISATION OF HYDROELECTRIC POWER PROJECTS

R&M Phase-I Programme

2.89 Based on the recommendations of the National Committee set up in 1987 and subsequent reviews, a programme for renovation, modernization and up-rating of Hydro Power Stations was formulated in which 55 schemes were identified with an aggregate capacity of 9653 MW. The total cost of these schemes was estimated as Rs.1493 Crore and expected benefit was 2531 MW/7181 MU. Out of 55 schemes, work on 29 schemes having an aggregate capacity of 5677.7 MW at an estimated cost of Rs.605.26 Crore have been completed during the VIIIth and IXth Plan and have accrued a benefit of 1717.18 MW.

R&M Phase-II Programme

2.90 As per the hydro policy declared in 1998, renovation & modernization of Hydro Power Plants have been accorded priority. Accordingly, 67 hydro RM&U schemes having an aggregate capacity of 10318 MW were identified to be undertaken under Phase-II programme till the end of 10^{th} Plan to accrue a benefit of 3684.91 MW. Out of these 67 schemes 4 schemes having an aggregate capacity of 591.4 MW at an estimated cost of Rs.119.95 Crore have been completed during the IXth Plan and have accrued a benefit of 53.9 MW.

National Perspective Plan

2.91 National Perspective Plan was formulated in the year 2000 including R&M proposals under Phase-II along-with the left out schemes of National Committee (Phase-I) under implementation/yet to be implemented. This Plan indicated the benefits

of about 7755 MW during the IXth, Xth and XIth Plan through R&M of existing 117 schemes with an aggregate capacity of 19370 MW at an estimated cost of Rs.4654 Crore.

Review of Xth & XIth Plan Programmes

2.92 The Xth & XI th Plan hydro R&M schemes identified by CEA under National Perspective Plan and not completed till the beginning of the Xth Plan were reviewed in totality in consultation with the utilities firstly during April, 2002 and subsequently in May, 2003. Hence, as per the reviewed Xth Plan programme, a total of 62 hydro RM&U schemes (11 nos. under Central sector and 51 nos. under State Sector) having a total installed capacity of 9977.5 MW to accrue a benefit of 1516.31 MW at an estimated cost of Rs.2227.062 Crore have been targetted for completion during the Xth Plan period. Further, 50 hydro RM&U schemes involving 3 schemes under Central Sector and 47 schemes under State Sector having a total installed capacity of 8534.30 MW to accrue a benefit of 5315.65 MW at an estimated cost of Rs.2888.63 Crore have been programmed for completion during the XIth Plan.

Schemes completed during the year 2002-03 of Xth Plan

2.93 Out of the 62 schemes programmed for implementation/completion during the Xth Plan period, the 4 hydro R&M schemes, namely - Shanan, Ph-A (4x15=1x50 MW) PSEB, Pong (6x60 MW), BBMB, Bhira Tail Race (2x25 MW), MSEB, Khandong (2x25 MW), NEEPCO of Central and State Sector have been completed during the year 2003-04 to accrue a benefit of 36 MW having an installed capacity of 600 MW at a cost of Rs.32.7699 crore.

Programme/Progress for the year 2003-04 of Xth Plan

2.94 The following 13 schemes (1 in Central Sector and 12 in State Sector) have been programmed for completion during the year 2004-05 of the Xth Plan to accrue a benefit of 280.35 MW having an installed capacity of 2575.95 MW at an estimated cost of Rs.416.07 Crore.

Sl. No.	Name of the scheme
1 *	Tillari (1x60), MSEB,
2 *	Koyna Complex (4x70+4x80+4x80 MW), MSEB
3.	Chibro(4x60), UJVNL
4.	Chilla (4x36), UJVNL
5.	Khodri (4x30
6	Bhadra (1x2 MW), KPCL
7	Sharavathy, Phase-A (10x103.5 MW), KPCL
8 *	Shivasamudram (6x3+4x6 MW), VVNL
9	Mettur Dam (4x10) TNEB
10	Papansam (4xÅ) TNEB
11 *	Pykara (3x6.65+1x11+2x14 MW), TNEB
12	Maithon (1x20 MW), DVC
13	Hirakud-1 U-3&4 (2x24), OHPC

* Since completed

The R&M works on 4 of the above schemes with an installed capacity of 1080.95 MW have already been completed at an expenditure of Rs.109.057 Crore. The R&M works of the remaining 9 schemes are progressing satisfactorily and likely to be completed during the remaining period of year 2004-05

Programme for the year 2005-06 of Xth Plan

2.95 4 Schemes have been programmed for implementation/completion during the year 2005-06 of the Xth Plan having an installed capacity of 179.00 MW at an estimated cost of Rs.44.57 Crore. There will be no benefit in terms of MW after R&M.

Low PLF of Thermal Power Units

2.96 About the Plant Load Factor of various Power units, the Secretary, Ministry of Power informed the Committee during evidence, as under:-

"Another thing is, even today we have power stations in the country whose performance is below 60 per cent. The plant load factor as compared to national average is 74 plus. We have a large number of stations whose performance is below 60 per cent. They are 26 in number. We are trying to target 26 power stations. Their performance is 55 per cent, 40 per cent and 20 per cent. In the case of Tenughat power station of Jharkhand, it is 10 per cent. We have put NTPC teams in the station. They are involved in the short term, medium term and long term schemes to see that we improve by ten per cent."

2.97 Renovation and Modernisation (R&M) and Life Extension (LE) of power plants have been recognized as a cost effective technique the world over for improving the performance/efficiency of older power plants and thereby adding additional generation of power at a much lesser cost. The Committee are however, constrained to

note the slow pace of completion of R&M activities as, during 2003-04, the Life extension works of 4 units of Kothagudem unit- 8 (1x110 MW) and Korba (E) units 1,4&6 (2x40+1x120 MW) have been completed and works on remaining other units are at various stages of implementation. According to Ministry of Power, the works of Life Extension of 6 units will be completed during 2004-05. In addition, another 57 units will need R&M works to improve/sustain their performance. The R&M work on 36 units was undertaken during 2003-04. Works on 42 activities have been completed and 100 activities are likely to be completed during 2004-05 against total no. of 687 activities targeted to be completed during 10th plan period. The Committee further express their unhappiness to note that adequate funds are not provided for R&M activities as against the total funds requirement of Rs. 9200 crore during 10th Plan for Life Extension Programme, only Rs. 193 crore were actually spent during 2003-04, which is about 1.5 percent of the total outlay. Similarly for R&M of 57 proposed units to be taken up during the 10th Plan, against the funds requirement of Rs. 978 crore, the expenditure during 2003-04 is Rs. 48 crore i.e. less than 5% of the total outlay. The Committee are unhappy to note the slow progress made in the execution of the projects. The Committee feel that investment made in R & M schemes can have a beneficial outcome only if these are completed in a time bound manner. The Committee are surprised to note that despite low infusion of funds during the first three years of the 10th Plan, no action plan has been formulated by the Government so far to strictly utilize the targeted outlays. The Committee, therefore, desire that the Government should atleast act now and formulate an Action Plan to vigorously pursue the R&M activities without any further delay and apprise the Committee of the action taken in this regard. At the same time, the

Committee also observe that Plant Load Factor of various units is ranging from 20% to 55% against the national average of about 74%. In case of Tenughat power station in Jharkhand, it is just about 10%. The Committee are constrained to observe that the Ministry of Power have yet to take up 626 power stations for increasing their plant load factor. The Committee therefore, desire that all efforts should be made to ensure that plant load factor of all power plants in Central and State sectors should be at par with national average.

2.98 As regard to renovation, modernisation and uprating (RM&U)of hydro power schemes, the Committee find that out of 62 schemes programmed for implementation/completion during the 10th Plan period, 4 schemes were completed during 2002-03 and out of 13 schemes identified for 2003-04, only 4 were completed in the year and remaining schemes are likely to be completed during 2004-05. For the year 2005-06, only 4 schemes having an installed capacity of 179 MW at an estimated cost of 44.57 crore are targeted to be completed. The Committee thus, observe that against an anticipated expenditure of Rs. 2888.63 crore during the 10th Plan for RM&U of 62 hydro power schemes, anticipated expenditure will only be Rs. 493.41 crore on 17 schemes. The Committee are concerned to note the slow pace of renovation, modernisation and uprating of hydro power station by the Government/PSUs in spite of National perspective plan and review of these activities for 10th and 11th Plan Programmes. The Committee, therefore, deplore the poor state of Renovation, Modernisation and uprating schemes of hydro power stations and low targets fixed by the Government to carry out these schemes. The Committee, therefore, strongly recommend that targets for these activities should be enhanced for 2005-06 and 2006-07, i.e. during the remaining two years of the

10th Plan to ensure that all 62 schemes identified for RM&U be completed in the plan period. The Committee desire that a time bound programme should be drawn to complete these projects so that the set targets can be achieved. The Committee will like to know the action plan of the Government formulated in this regard.

H. NORTH EASTERN ELECTRIC POWER CORPORATION LTD

2.99 The North Eastern Electric Power Corporation Ltd. (NEEPCO) is registered under the Companies Act, 1956 on 2nd April, 1976 with the objective to plan, promote, investigate, survey, design, construct, generate, operate and maintain power stations in the N.E. Region. The Corporation has achieved a total installed capacity of 1130 MW (under operation & maintenance) comprising of 150MW from Kopili H.E. Plant Stage – I, Assam, 100MW from Kopili H.E. Plant Stage – I extension, Assam, 25 MW from Kopili H.E. Plant Stage – II, Assam, 75 MW from Doyang H.E. Plant, Nagaland, 405 MW from Ranganadi H.E. Plant, Arunachal Pradesh, 291 MW from

Assam Gas Based Combined Cycle Power Plant, Assam and 84 MW from Agartala Gas Turbine Power Plant, Tripura. The performance of generating stations with respect to the targets vis - a - vis the achievement during 2003 2004 and 2004 – 2005 are given below :-

CAPACITY ADDITION PROGRAMME FOR THE 10TH PLAN:

2.100 During 9th plan, NEEPCO added 754 MW (174 MW Thermal and 580 MW Hydro Power). The proposed capacity addition during the 10th Plan has been fixed as 155 MW (130 MW approx. Thermal and 25 MW Hydro). Out of this, Kopili H.E. Power Station Stage-II with one unit of 25 MW has already been completed.

(Generation in Million Units)

Sl. No	Name of the Project	Installed capacity	2003 – 04		2004 – 05	
			Target BE/RE	Actual	Target BE/RE upto Sept' 04	Actual upto Sept'04
i)	Kopili H.E. Plant, Assam	275	900	1023	589	753
Ii)	Assam Gas Based Combined Cycle Power Plant, Assam	291	1550	1887	725	931
Iii)	Agartala Gas Turbine Power Plant, Tripura.	84	510	599	225	312
Iv)	Doyang H.E. Plant, Nagaland.	75	175	198	106	211
v)	Ranganadi H.E. Plant, Arunachal Pradesh.	405	1000	1036	664	1263
TOTAL		**1130**	**4135**	**4743**	**2309**	**3470**

(Actual Generation during 2004 – 05 upto Sept' 04 includes Deemed Generation.)

The Corporation is presently executing the following projects in the North Eastern region : Details of the projects are given below:-

1. Tuirial H.E.Project, Mizoram. - 60 MW
2. Kameng H.E.Project, Arunachal Pradesh. - 600 MW
   (Under Stage – II development)

New projects proposed to be taken up during Xth Plan:

1. Tripura Gas Based Power Project, Tripura. - 280 MW
2. Dikrong H.E.Project, Arunachal Pradesh - 110 MW
3. Ranganadi H.E.Project – 2nd stage, A.Pradesh - 130 MW
4. Tipaimukh H.E. Project, Manipur - 1500 MW

Project under Survey &Investigation:

1. Bhareli – I H.E.Project, Arunachal Pradesh, -1120 MW
2. Bhareli - II HE Project, Arunachal Pradesh - 600 MW
3. Kameng Dam H.E.Project, Arunachal Pradesh - 600 MW
4. Talong H.E.Project, Arunachal Pradesh - 300 MW
5. Kapak Layak HE Project, Arunachal Pradesh - 160 MW
6. Badao H.E.Project, Arunachal Pradesh - 120 MW
7. Dibbin H.E. Project, Arunachal Pradesh - 100 MW
8. Papumpam H.E.Project, Arunachal Pradesh - 60 MW
9. Hirik H.E Project, Arunachal Pradesh - 84 MW

2.101 Details or project – wise cost estimates / latest cost, expenditure upto march 2004 and b.e. 2004 – 05, r.e. 2004-05 (prov.) north eastern electric power corporation limited. (rs in crs.)

Sl. No.	Name of Project/ Unit	Capacity in (MW)	Approv. Cost/ Latest cost	Cuml. Expt upto 31.3.04 (Act)	Annual Budget. For 04-05 (BE)	Annual Budget. For 04-05 (RE) Prov.	Annual Expt. Incurred (During 04-05 Upto Sept'04 (Prov)	Target Date of Completion Approved/Latest
B. ON – GOING PROJECTS								
1.	Tuirial H.E. Project, Mizoram	60	368.72 – A 808.55 – L	204.98	115.00 (IEBR)	50.00 (IEBR)	15.87	July ' 06 (A) Mar' 09 (L)

2.	Kameng H. E. Project, Arunachal Pradesh	600	2496.90	64.84	145.00 (NBC)	145.00 (NBC)	28.38	5 years from the date of investment approval
3.	Tripura Gas Based Powr Project, Tripura	280	864.98	16.09	190.00 (40 NBC) 150.00 (IBER)	160.00 (120.00 NBS) (40 IBER)	6.87	36 months from the date of investment approval
C. NEW SCHEMES:								
1.	Tripura–Kopili Transmission System		483.885	---	---	30.00	---	
2.	Tuivai H.E. Project, Mizoram	210	1122.51	15.15	0.00	0.00	---	*
3.	Ranganadi HEP-Stage-II, Arunachal Pradesh	130	557.58	---	5.00 (NBS)	3.65 (NBS)	---	5 years from the date of investment approval
4.	Dikrong H.E. Project, Arunachal Pradesh	110	510.24	0.00	8.00 (NBS)	3.40 (NBS)	---	
5.	Tipaimukh H.E. Project, Manipur	1500	5163.86	0.00	5.00 (NBS)	5.00 (NBS)	---	7 years 3 monts, from the date of investment approval
6.	Lower Kopili H.E. Project, Assam	150	732.30	---	2.23 (NBS)	---	---	**
7.	Survey & Investigation			9.92	10.00 (NBS)	18.00 (NBS)	5.14	

2.102 It has been observed that for NEEPCO against IEBR estimates of Rs. 265.00 crore, the Revised Estimates were Rs. 90.00 crore during 2004-05. The Budget Estimates of NEEPCO (IEBR) for 2005-06 are Rs. 372.79 crore. There is no budgetary support to NEEPCO during 2004-05 and 2005-06.

2.103 As regard to the Tuirial HEP, the Committee have been informed that the works are held up w.e.f. 10th June 2004 due to law and order problems and huge cost and time overruns on account of untenable demands of crop compensation on forest land and changes in design. The project was sanctioned at a cost of Rs.368.72 crore (at 1997 PL) while as per latest estimates it is now expected to cost Rs.808 crore (at 2004 PL), which has increased the 1st year tariff from Rs.1.74 per Kwh to Rs.5.48 per Kwh. There are demands/claims of about Rs.25-30 crore for payment of crop compensation on forest land.

The provisions in the project cost were made based on the estimates received from the State Forest Department. No mention of crop compensation was ever made in the project proposal submitted by the State Government for clearance of Tuirial HEP under the Forest (Conservation) Act, 1980. According to NEEPCO, they have not made any commitment for payment of crop compensation. The matter regarding demand for crop compensation has been considered as illegal and has already been intimated to the Govt. of Mizoram by NEEPCO through various correspondence and interactions. NEEPCO has informed that an amount of Rs.4.02 crore was paid directly to the Government of Mizoram towards cost of land against the provision of Rs.4.31 crore for Preliminary and the Land.

2.104 In a meeting that was held in the Ministry of Environment & Forests on 14.12.2004, the State Forest Department reported that the entire submergence area of the project is in Riverine Reserve Forest (RRF), which was declared in 1965, and this legal status is duly incorporated in the record of the State Government. Therefore, it was decided that a joint survey by Revenue and Forest Department of the State Government would be undertaken and information relating to issue of passes/pattas/LSC etc. before 1965, between 1965 and 1980 as well as after 1980 will be furnished for taking a view on the validity and legality of the passes issued.

2.105 In a meeting held in the Ministry of Power on 6.1.2005 with the Government of Mizoram, MoEF and NEEPCO, it was made clear that while the issue of crop compensation on forestland is to be resolved by the State Government with the MoEF. The Ministry of Power meanwhile would initiate steps to try and improve the viability of the project. Therefore, in order to improve the viability of the project, Ministry of Power is making efforts to financially re-engineer the project to bring down the tariff of Tuirial HEP (60 MW) in Mizoram to a viable level. The State Government has also to agree to forego/stagger their 12% free power for the tariff to become viable. Meanwhile, CEA is examining the revised cost estimates for the project submitted by NEEPCO.

2.106 The Committee are constrained to note that although a huge hydel power potential of 34900 MW (at 60% Load Factor) is available in the North Eastern region, only

670.50 MW i.e. 1.92% of the potential has been explored so far. The Committee can not but deplore the low capacity addition of 750 MW (174 MW Thermal and 580 MW Hydro) by NEEPCO during 9th Plan and the proposed only 155 MW (130 MW Thermal and 25 MW Hydro) addition during 10th Plan. The Committee are unhappy to note that although NEEPCO was established on 2nd April, 1976 with the objective to plan, promote, investigate, survey, design, construct, generate, operate and maintain power stations in the North Eastrn Region, the Corporation could add only 1130 MW of power in the 30 years of its operation. The Committee desire that NEEPCO should analyse their performance during the last 30 years and come out with some concrete plan to enhance their performance, particularly in respect of capacity addition during 10th and 11th Five Year Plan periods. The Committee also observe the huge reduction in IEBR component of NEEPCO from Rs. 265 crore to Rs. 90 crore during 2004-05. The Committee would like to know that how NEEPCO would ensure to raise Rs. 372.79 crore during 2005-06 and invest the same as targeted.

2.107 The Committee are unhappy to observe that delay in execution of projects have resulted in huge cost escalation as can be seen in the case of Tuirial HEP for which latest revised cost is about Rs. 808 crore from the Rs. 368.72 crore originally targeted. The projects thus, not only get delayed and huge investments blocked but also become unviable. The Committee, therefore, strongly urge the Government to ensure that projects should be commissioned with a maximum of 5-10% of cost escalation. The Committee would like to know the steps taken by the Government to ensure the same in all on going and future projects of NEEPCO.

2.108 The Committee are concerned to note the fate of Tuirial HEP project on which work is reported to be stopped due to law and order problem and expect that it will

start will soon after satisfactory resolving all the disputes related to compensation. Taking note of the huge investments already made in the ongoing projects of NEEPCO with 940 MW of power generation targets, the Committee recommend that all the three ongoing projects namely Tuirial HEP, Kameng HEP and Tripura gas based power project should be completed within 10th Plan period.

I. INDIRECT TAXES ON POWER EQUIPMENT

2.109 Enquired about the steps taken to reduce customs duty on import of goods for strengthening of sub-transmission and distribution projects and availability of deemed export benefits to goods supplied to such projects, the ministry of power informed the committee in a note as under:

> "The sub-transmission and distribution network at present accounts for over 50% of the losses in the sector. The thrust of the Government, therefore, has shifted to reform the sector. As a result, the Government has already committed a sum of

Rs. 40,000 crore under the APDRP Scheme. However, the import duties on the equipments required for this Sector are very high as indicated in the table below:-

Chater No.	Description	Basic	CVD	Total
90.28	Meters & Meter Reading Instruments	15%	16%	33.4%
85.36	Switch Gear	20%	16%	39.2%
85.44	Cables	20%	16%	39.2%
85.04	Transformers	20%	16%	39.2%
84,85,91	SCADA	15-20%	16%	33.4-39.2%
85.17	Modems	10%	16%	27.6%
85.32	Capacitors	15%	16%	33.4%

2.110 The Committee have been further informed that a specific case of inequality in duty structure exists in the case of meters also. While the basic customs duty for plant & machinery & equipment in transmission, sub-transmission and distribution has been brought down to 10%, it still remains at 15% in case of meters. Not only this, a comparison of import duty structure for meters and mobile phones is even more unequal as shown below:-

Sl.	Import Duty Structure	Basic Customs Duty	CVD	Total
1.	Mobile Phones	5%	0%	5%
2.	Meters	15%	16%	33.4%

2.111 Despite the fact that metering is now a statutory requirement under law and key to the success of the ongoing reforms, the Committee have been informed that a very high import duty is levied on meters. Moreover, according to the data published by DGCIS, Calcutta, during the year 2002-03, the total import duty collections from these

items accounted for only Rs. 86 crore which is 0.1% of the custom duty collection by Government. Further, the collection of CVD accounted for only about 0.03% of the total collections. The Ministry of Power also informed that in order to achieve the target of 100% metering, it has been estimated that about 60 million meters will be required while the installed capacity of domestic manufacturers is only 24 million. Therefore, there would be no loss to the domestic industry in case the custom duties are lowered.

2.112 The Ministry of Power also apprised the Committee that in the provisions of various Tax Laws & concession thereunder, generation and distribution is specifically covered whereas "transmission" is omitted. By inserting the transmission along with generation and distribution, transmission sector will get all the benefits available to Power Sector. Merely by bringing Transmission at par with Generation and Distribution will reduce incidence of taxation from 35% to 27% (35% less 8%) for general transmission projects and from 35% to 21% (35% less 14%) for Transmission projects linked with Mega Power Generation Projects.

2.113 The Committee are dismayed to note that although the power sector is treated as one of the important infrastructure sectors and tax incentives have been given to Mega power generation projects, the transmission, sub-transmission and distribution sectors have been totally neglected in the existing duty structure regime. Although, Ministry of Power in their Memorandum submitted to Ministry of Finance have repeatedly asked to reduce the import duties on major sub-transmission and distribution equipment such as Meters, Switch-Gears, Cables, Transformers, Capacitors etc., an import duty as high as 39.2% is being imposed on these equipment. The Committee are

further perturbed to note that although 100 percent metering is being targeted and the demand of meters is short by 36 million against the installed capacity of domestic manufacturers (which is reported to be 24 million), import duty of 33.4 percent is being imposed on Meters as compared to just 5 percent on mobile phones. As the repeated requests of the Ministry of Power have not been acceded to by the Ministry of Finance, the Committee strongly urge the Ministry of Power to take up the matter at the highest level of the Government and apprise the Committee of the resultant outcome. At the same time, the Committee also endorse the opinion of Ministry of Power that generation and distribution for which provision of tax laws and concession thereunder exist, should also include the word 'Transmission' which may have been overtly omitted so as to reduce the taxation on transmission equipment from 35 percent to 27 percent for general transmission projects and from 35% to 21% for transmission projects linked with Mega power generation projects. The Committee desire that the Ministry should also peruse to make necessary amendments in the relevant tax laws to cover the transmission projects also.

J. APPELLATE TRIBUNAL FOR ELECTRICITY

2.114 The Electricity Act, 2003 provides that the Central Government shall, by notification, establish an Appellate Tribunal to be known as the Appellate Tribunal for Electricity to hear appeals against the orders of the adjudicating officer or the Appropriate Commission under this Act.

2.115 Asked about the present status of the Appellate Tribunal for Electricity, the Ministry of Power informed the Committee in a written reply as under:-

> "The Appellate Tribunal has been notified under the provisions of section 110 of the Electricity Act vide Gazette Notification dated 7th April, 2004. Posts have been created for officers and staff of the Tribunal. The various rules/ notifications related to service conditions of the Chairperson, Members and other officers/ staff of the Tribunal have been notified. Rules regarding the

form, verification and the fee for filing appeal before the Appellate Tribunal was notified on 13.04.2004.

The Appointment of the Chairperson, Members and other officers/ staff in accordance with provisions of the Act as well as notified rules is in process and is at an advanced stage. The operationalisation of the Appellate Tribunal is in process."

2.116 Regarding selection of the Chairman of the Appellate Tribunal, the Committee have been apprised that the Chairman has already been selected and the process for notifying the same is going on.

2.117 About the Regulatory Commission to be set up in all the States, the Secretary, Ministry of Power has informed the Committee that almost all the States have their Regulatory Commission except Bihar which has not set up the same in spite of repeated requests of the Ministry. Further Ombudsman and Special Courts are being set up to control the theft.

2.118 The Committee observe that any person aggrieved by an order made by an adjudicating officer under the Electricity Act 2003 or an order made by the Appropriate Commission under the Act may prefer an appeal to the Appellate Tribunal for Electricity as provided in section 110 of the Electricity Act, 2003. The Committee are constrained to note that although the Appellate Tribunal was notified on 7th April, 2004, the appointment of Chairperson, members and other officers have yet to take place. Whereas almost all states have set up State Commissions and they are passing judgments as per law, the Appellate Tribunal has not started working, thus denying the aggrieved persons an opportunity to file an appeal. The Committee can not but regret the delays already committed in operationalisation of the Appellate Tribunal, the process of which is reported to be in progress. The Committee are further concerned to note the inordinate delay in constitution of Regulatory Commission in Bihar and stress that all-out efforts

should be made to setup the same immediately. The Committee desire that the Tribunal should be operationalised within the next 3 months. At the same time, the Committee would also like to know the present status of appointments of Ombudsman and Redressal forums in all the States which are to be set-up within six months as per Section 42(5) and (6) of the Electricity Act, 2003 by the every distribution licensee under the guidelines of the respective State Commissions.

K SOCIO-ECONOMIC DEVELOPMENT POLICY OF PSUs

2.119 From the Annual Report (2004-05) of the Ministry of Power, the Committee observe that NTPC, as a Company is reported to be committed to promote the interest of SCs/STs/OBCs and to improve their representation in the services. It is the policy of the company to address their concerns with ultimate objective of powering India's growth. Besides special drives of NTPC launched for recruitment for SC/ST. the major efforts made by the Company in this direction are as under:-

(i) The Resettlement and Rehabilitation Programme

(ii) NTPC Corporate Social Responsibility Community Development (CSR-CD) policy.

(iii) Scholarships to SC and ST students pursuing:

  a. Degree / Diploma in Engineering Course @ Rs. 1000/- p.m. / Rs. 600/- p.m. respectively.

  b. Full time MBA/PGDBM Course @ Rs. 1000/- p.m.

(iv) NTPC Gold Medal instituted for SC/ST students pursuing Personnel Management Course and Rural Development Course at XISS, Ranchi and XIMB, Bhubaneswar.

From the Annual Report of the Ministry of Power, the Committee find that such training programmes have not been conducted by any other PSUs under the purview of the Ministry.

2.120 The Committee are constrained to observe that as per the Annual Report (2004-05) of the Ministry of Power, only one Public Sector Undertaking under their purview i.e. National Thermal Power Corporation have Social Responsibility Community Development Policy and scholarships are given to SC and ST students pursuing Degree/Diploma in Engineering Course @ Rs. 1000/- p.m. /Rs. 600/- p.m. respectively. For students pursing full time MBA/PGDBM Course, stipend is given at the rate of Rs. 1000/- p.m. and NTPC Gold Medal has been instituted for SC/ST students pursuing Personnel Management Course and Rural Development Course at XISS, Ranchi and XIMB, Bhubaneswar. Although, the PSUs under the Ministry of Power are carrying out activities related to one of the important infrastructure sector engaged in overall development of the society and the country at large and also recruiting SC/ST candidates as per the rules, the Committee have failed to understand as to why the other PSUs have no Socio Economic Development Policy as is being implemented by NTPC. They are ignoring the social responsibility towards the most affected people of their area of work. The Committee, therefore, recommend that the Government should frame a Socio Economic Development Policy to be implemented by each PSUs under the Ministry of

Power on priority basis. This should cover and target the social sectors including education/technical training imparted to weaker section of the society, training to other students getting technical education from different Institutes operating in the country, stipend be given to these trainees, a target be fixed for number of weeks/months of training imparted to such students etc.

GURUDAS KAMAT,
Chairman,
Standing Committee on Energy.

NEW DELHI,
April , 2005

Chaitra , 1927 (Saka)

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS
OF THE STANDING COMMITTEE ON ENERGY
CONTAINED IN THE REPORT

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
1.	2.	3.
1.	2.11	The Committee observe that against the plan outlay of Rs. 1,43,399 Crore comprising of Rs. 1,18,399 Crore of IEBR and Rs. 25,000 Crore as Gross Budgetary Support (GBS) for Ministry of Power, the anticipated utilization during the Tenth Plan period is Rs. 1,10,069.59 Crore comprising of Rs. 24821.60 Crore of GBS. Taking note of the fact that there is a gap of about Rs. 33,339 Crore in the actual allocation and anticipated utilization of the Xth Plan outlay of the Ministry of Power, the Committee are of the opinion that the present trend of under utilization of Plan outlay will adversely affect the on-going and future power projects. The Ministry of Power have claimed that during 2004-05, they would be able to utilize the Revised Estimates of Rs. 14681.34 crore which is 93.93% of the Budget Estimates of Rs. 15630.32 crore as compared to 73.23% utilization during the year 2003-04. The Committee are however, unhappy to note that till 15th March, 2005, the actual utilization was reported to be Rs. 11162 Crore only, which is less than 73% of the Budgeted amount for the year. To reach the 94% utilization of the budget estimates, the Ministry of Power/ its PSUs have to spend more than Rs. 3,000 crore i.e. 21% of the Budgeted amount during the last 16 days of the financial year, 2004-05. The Committee do not approve such huge chunk of expenditures in the last few days of the financial year which is against the normal financial discipline. The Committee strongly recommend that the Ministry should stop this practice of imbalanced utilisation of unspent funds during the last few days of the financial year because this may sometimes lead to unproductive expenditure which may not help the Ministry in achieving the targets and implementation of schemes.
2.	2.12	The Committee note that with the reduced annual outlay and utilization during the first three years of the 10th Plan, the targets set for capacity addition of 41,000 MW has already been revised to about 36,956 MW. The Committee feel that the plan of the Government for 1,00,000 MW of fresh capacity addition by the end of 11th Plan will thus seems to be impossible. The reasons forwarded for reduction in Budget Estimates for the year 2004-05 are reported to be non-approval of new schemes of Power Grid Corporation India Limited, slow progress in approval of new schemes of NHPC such as Parvati-III, Teesta Lower Dam-IV, Chamera etc. resulting in reduction by Rs. 121 Crore and 447.52 Crore respectively. As regard to the reason for reduction in Plan outlays of NEEPCO, the Committee find that there was a total reduction of Rs. 67 crore due to slow progress in approval of the new

schemes i.e. Tripura gas project and Ranganadi HEP and also due to the slow progress in survey and investigation works. Further, due to non approval of the CEA's scheme of preparation of Detailed Project Reports of New Hydro-Electric Schemes and Scheme for 100,000 MW environment friendly thermal initiative for preparation of Feasibility Report; there was a reduction of Rs. 82.38 crore. The Committee are not convinced with the reasons forwarded by the Government for reduced outlays during the first three years of the current Plan and feel that no concrete action has been taken by the Government in spite of Committee's repeated recommendations for formulating realistic plan. The Committee are not happy to note the Government's inaction in formulating realistic plan as observed from non approval of the CEA's scheme of preparation of Detailed Project Reports of New Hydro Electric Schemes and Scheme for 100,000 MW environment friendly thermal initiative for preparation of Feasibility Report, resulting in reduction of Rs. 82.38 crore. The Committee therefore, reiterate their earlier recommendation that the Ministry of Power and its PSUs should formulate more realistic plans so that the Budget Estimates are not revised due to non-approval of schemes. The Committee urge that the Government/PSUs should fix realistic annual financial and physical targets keeping in view all the constraints like financial and environmental clearances etc. involved in clearance of Power projects. The Committee be informed regularly about the targets for various schemes, actual achievements and the reasons for slippages, if any. The Committee expect a positive action taken by the Government in this regard.

3. 2.13 The Committee further observe that although the Ministry of Power and its PSUs have under utilized the Plan outlays during the last 3 years, the Ministry of power have proposed an outlay of Rs. 25156.68 crore (6202.78 crore as GBS) during 2005-06 against which Rs. 21913.90 crore (Rs. 3000 crore as GBS) have been finally approved by the Planning Commission. Ministry of Power have also informed the Committee that they are pursuing for giving more budgetary support for the year 2005-06 with the Planning Commission. In view of the huge reduction of Rs. 731 crore in Gross Budgetary Scheme to NHPC [from Rs. 2337.38 crore (proposed) to Rs. 1606 crore] as approved by the Planning Commission and Rs. 26 crore to nil for Satluj Jal Vidyut Nigam Limited, the Committee will like to know the hydel projects that will be adversely affected due to these reduced outlays as approved by Planning Commission for the year 2005-06.

4. 2.14 Although, the Govt. have reportedly taken various steps like weekly review by the Secretary, Ministry of Power, periodic and monthly review of all the ongoing and future schemes to ensure that Budget Estimates are fully utilized, the Committee have no hesitation that similar steps taken by the Government earlier had not yielded desired results. The Committee, therefore, desire that the Government

should take elaborate steps to ensure that there is proper and uniform utilization of the Plan outlays during the year 2005-06.

5. 2.15 The Committee observe that in a meeting taken by Finance Minister with Financial Advisors on 23.07.2004, it was desired that the existing instructions about 33% utilization of the budget during the last quarter should be strictly followed and a circular had already been issued to all concerned for compliance of the instructions of Ministry of Finance. The Committee, are however, of the view that though emphasis should be laid on equal utilisation of funds in all the four quarters of the year, the restrictions imposed by the Ministry of Finance would further limit the utilisation of the funds and achievements of the targets. The Committee, therefore, suggest that putting a restriction on the use of funds during the last quarter should be gone into and a decision be taken based on views of the various ministries. Similarly there is a need to re-examine the practice of revising budgeted amount at Revised Estimates stage based on the performance of the first two quarters of the financial year. The Committee feel that Revised Estimates should rather be based on the utilisation of the funds during the last financial year. The matter may be taken up with the Ministry of Finance and the Committee may be apprised of the position.

6. 2.38 The Committee observe that out of a total of 116245 MW of present power generation capacity, thermal power accounts of 80,702 MW i.e. 69.52 percent of the total power generation and Hydro at 30,335 MW is only 26.09 percent. The Committee are perturbed to note the slow achievements of targets for Hydro power generation during 2004-05. As against the hydro power capacity addition targets of 2585 MW, the actual achievement till 30th November 2004 were only 405 MW. The Committee are unhappy to observe the failure of the executing agencies to achieve the targets leading to further deterioration in hydel-thermal mix. The Committee find that although the Government have formulated 50,000 MW of schemes for additional Hydro power generation in all the six river systems of the country, the present trend indicate that the targets fixed for hydel power generation are unlikely to be achieved. The Committee, therefore, recommend that a time-bound action plan be prepared by the Government to fully explore the hydro-power potential and achieve the targets set for capacity addition and apprise the Committee of the same.

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7. 2.39 The Committee observe that due to delay in getting PIB/CCEA clearances, two thermal power projects based on lignite viz. Neyveli

		TPS Exp.II, 500 MW and Barsignsar, 250 MW; the Neyveli Lignite Corporation could not commission them during 10th Plan. The Committee are unhappy to note the delay in getting PIB clearances for these two lignite based power projects and would like to know the targeted completion of these plants where all clearances have been reported to be available. At the sametime, the Committee stress that the total potential of Lignite based thermal projects in the country be identified and a time bound action Plan be formulated by the Government to implement them. The Committee would like to know the action taken by the Government in this regard.
8.	2.40	The Committee observe that as against the targets set for the 10th Plan at 22832 MW, 11157 MW and 7121 MW for Central State and Private Sectors respectively for power generation, only 29.9% (6830MW) in Central sector, 26% (2905.64 MW) in State sector and 10.1% (648 MW) in Private sector have been commissioned so far. The Ministry of Power have informed the Committee that 34861 MW of capacity addition is likely to be achieved out of the total target of 41110 MW for the 10th Plan. The Committee feel that programme of the Government to add one lakh mega watt of power generation by the end of Eleventh Plan seems to be unachievable with the reduction of total Plan outlays by about Rs. 33,300 crore and delay in completion of projects under construction. The Committee find that the majority of the power projects which were to be completed during Xth Plan are still under construction stage and only 25.4% of the projects have been commissioned so far. To achieve the target of 1,00,000 MW by the end of 11th Plan, the Committee note that more than 63,000 MW capacity addition will have to be achieved during 11th Plan even if 34,861 MW of power capacity addition projects are completed within 10th Plan. The Committee also observe that out of 34027 MW capacity addition projects, projects of 20,337 MW are being executed by Bharat Heavy Electricals Limited (BHEL) during Xth Plan. BHEL is reported to be enhancing their capacity to enable it to execute 10,000MW worth projects in a single year. The Committee hope capacity augmentation programme of the BHEL will rejuvenate the Central Sector in achieving the target of about 79%. But, the Committee desire advance action plan should be prepared by the Government so that 11th Plan projections for capacity addition are achieved. At the same time, the Committee also recommend that all out efforts should be made by the Government/Power Grid Corporation India Ltd. to expedite the completion of the National Grid at the earliest.
9.	2.41	The Committee are constrained to observe that because of inadequate coal & gas supply, there was a loss of about two billion units of electricity during 2003-04 & 2004-05 against the set targets of power generation. The Committee failed to understand that although there exist a Standing Committee on Coal Linkage of Ministry of Coal on which Ministry of

		Power also have representation, how inadequate supply of coal affected the power generation programme. The Committee, therefore, urge the Ministry of Power to take up the matter with the Ministry of Coal and Ministry of Petroleum & Natural Gas to ensure adequate supply of coal and gas.
10.	2.42	As regard to private sector participation in power generation programme, the Committee find that targets set for 9th and 10th Five Year Plans could not be achieved. The 10th Plan target of Power generation by private sector have been revised to 4899 MW against the original targeted power generation of 7121 MW. Out of this 4899 MW of power generation being attempted, projects only worth 648 MW have been commissioned so far and 3886 MW of Power generation projects are reported to be under execution. The Committee, feel that in spite of sound policy initiative taken by the Government to attract the private sector participation, its performance has not been found upto the mark. Eighth and Ninth Five Year Plans basically failed to achieve their power generation targets because of the failure of the private sector. The same story is being repeated in 10th Plan. The Committee also disapprove the present trend of setting higher targets at the Plan formulation stage which are far less than those actually accomplished especially in the Central sector and Private sector and desire that the Government should try to set realistic target for Government sector which can be achieved during the specific period. The Committee note that an Inter-Institutional Group (IIG) comprising senior representatives from the financial institutions and the Ministry of Power has been set up for facilitating early financial closure of private power projects. The Committee, desire that an indepth study of the failure of the private sector may be made and corrective steps should be taken to improve their performance. The Committee also observe that there are a number of power projects which were approved and had reached an advanced stage but have been held up due to various reasons resulting in time and cost over runs. The Committee strongly recommend that these projects, e.g. Dabhol in Maharashtra and similar other projects be started on priority after settling the issues and ensuring that additional power is given to the State Electricity Boards/consumers at reasonable rates.
11.	2.43	The Committee further observe that the Tenth Plan envisaged building 15.6% of the thermal capacity using the more efficient super critical 660 MW modules but due to technological constraints, all these projects would not materialize during the 10th Plan and instead capacity addition based on the proven 500 MW units will be taken up. The thermal power projects based on Super Critical Technologies are Sipat-I 1320 MW, Barh STPP 660 MW, North

		Karan Pura 660 MW, Kahalgaon STPS-II (Ph.1) U-5 660 MW and Sipat STPS-II 660 MW. Further, capacity of Tripura (Monarchak) CCGT has been revised from 500 MW to 280 MW and work in respect of Tuirial (NEEPCO) (60 MW) has already been stopped due to law and order problem since 10th June 2004. The NTPC has also dropped the implementation of 490 MW Thermal Power Plant extension at Dadri and Maithon RBC (1000 MW) to be set up by DVC in Joint Venture with M/s Tata Power could not be taken up due to delay in agreement for joint venture although most of the clearances were available. The Committee find that the Government have failed to explain the reasons due to which technological constraints for plants, based on Super Critical Technology were not observed/ identified at the Plan formulation stage resulting in their present slipping from the 10th Plan. The Committee feel that the technological constraints, as sighted by the Government now should have been noticed at the time of initiation of these projects. The Committee, desire that all out efforts should be made to execute the projects as per schedule before these projects are either dropped or their capacity is revised. The Committee further desire that the Ministry/NTPC should put in R&D efforts to master the Super Critical Technology so that these projects can be completed during 11th Plan period.
12.	2.48	The Committee are surprised to note that even for setting up a Thermal Power Plant, clearances have to be obtained by the project authorities from as many as ten different authorities besides getting Investment clearances from Financial Institutions and Public Investment Board in respect of projects taken up by PSUs. A close look at these clearances/commitments indicate that projects like Vindhayachal Stage-III was delayed by more than four years only because necessary clearances regarding water commitment was made available by CWC/ Ministry of Water Resources after 4 years from the date of application. These clearances from the Ministry of Environment and Forests regarding site and environment should have to be given within one year.
13.	2.49	At the same time, the Committee take a strong note on the inaction of the Ministry of Environment and Forests (MOEF) to the operationalisation of draft Memorandum of Understanding between Ministry of Power and Ministry of Environment and Forests on creation of a Special Purpose Vehicle with an objective to coordinate with the MOEF and State Forest Departments. This draft agreement is pending with them since 20.09.2001. The Committee take a strong note of the casual manner in which the matter regarding grant of

		clearances to the power projects is being dealt with by the Ministry of Water Resources/CWC and Ministry of Environment and Forests and desire that this matter be brought to the notice of Prime Minister's Office so that the Special Purpose Vehicle can be operationalised. The Committee also desire that a Central Committee consisting of officials from Ministries of Power, Water Resources and Environment and Forests and other related departments should be created which can be assigned the task of providing all clearances to the power projects in a time bound manner.
14.	2.60	The Committee observe that although Bureau of Energy Efficiency was established w.e.f. 1st March, 2002, the programmes initiated by it such as standards and labeling, energy audit in Government buildings, energy conservation building codes etc. have yet to gain momentum. The Committee, therefore, desire that the standards and labeling of electric equipment be speedily taken up and completed within a fixed time schedule the next 3 months as it would help in significant saving of the energy. The Committee further note that energy audit of only 8 Government buildings have been completed so far and even in these buildings, although energy saving potential in the range of 23% to 46% has been identified, energy conservation work is yet to be taken up. The Committee also find that only one pilot project to educate students of 31 schools in Delhi has been taken up by BEE so far. Since conservation and efficient use of energy is the need of hour, the Committee desire that energy audit for more and more Government buildings should be undertaken. Further, Industrial/Corporate houses should be encouraged to take up the energy conservation schemes. The Committee would like to be apprised of the studies completed and action taken thereon. The Committee also stress that an action plan should be prepared to ensure that all States should take up elaborate steps to ensure that a minimum of 23% of the Energy which can be saved by means of energy audit and use of energy efficient devices should be taken up and completed in the 10th & 11th Plan periods. The Committee also recommend that pilot projects like one undertaken to educate school children in Delhi should be taken up initially in all State capitals as it would also work as on awareness campaign about the energy efficiency/saving devices.
15.	2.61	The Ministry of Power have informed the Committee that most of the Energy Efficiency schemes like Designated Consumer Programmes for Industries and Commercial Establishments, Energy Efficiency Programme for Government Buildings and Standard & Labeling Programme are self-financed and implementation of Energy Conservation measures is a financially viable and self-paying proposition and therefore it does not need budgetary outlay for the

		same. The Committee feel that since this is a new programme and require huge investments to provide for energy efficient appliances/equipment, the Government should provide more funds in the form of loans/grants to encourage people to take up these Schemes.
16.	2.62	During the examination of the Demands for Grants 2004-05 of the Ministry of Power, the Committee were informed that 100% depreciation of energy conservation equipment and other schemes were proposed to be taken up during 2004-05. About the present status of implementation of the scheme, the Committee have been informed that Bureau of Energy Efficiency have invited quotations for conducting studies on 100% depreciation incentive to encourage faster penetrations of energy efficient technologies. The objectives of the study will include review of the existing list of devices which are eligible for this incentive and to evaluate latest energy efficient, monitoring, instrumentation and control devices that would qualify. Six bids are reported to be received and are being evaluated for entrusting the study. The Committee urge the Government to complete the proposed study in shortest possible time and take necessary steps to provide 100% depreciation including energy saving devices during the Current financial year itself.
17.	2.71	The Committee observe that Ministry of Power have issued Guidelines in May, 2004 for Rural Electrification Programme for One Lakh Villages and One Crore Households and approved a new scheme for electrification. The scheme is to be implemented through the Rural Electrification Corporation which may associate other financial institutions in the implementation of the programme. These guidelines are reported to be aligned with the policies being formulated under Section 4 and 5 of the Electricity Act, 2003 that would facilitate sustainable provision of electricity in rural areas. The State Governments are required to make all projects receiving subsidy under the scheme compliant with section 13 and 14 of the Electricity Act, 2003 so as to enable the Rural Electricity Services Providers (other than existing State Utilities/Distribution Licensees) to act outside the purview of the State Electricity Regulatory Commissions for purposes of tariff determination (section 61,62 and 86 of the Electricity Act, 2003). Observing that about 1.25 lakh villages are still to be electrified as per the new definition (which provide that at least 10% of household should be electrified), the Committee failed to understand how the Government will achieve the targets of electricity to all by 2007 and cover the all villages and household by 2009-10 as per the National Common Minimum

Programme in spite of low new capacity addition and lesser fund utilization for Rural Electrification activities.

18. 2.72 Taking note of the fact that the electricity in rural areas is characterized by poor network and lack of maintenance primarily due to weak financial health of utilities and the utilities supplying power to rural areas consider such supply as commercially unviable on account of high fixed cost alongwith high variable cost and unsustainable commercial arrangements, the Committee desire the Ministries of Power & Non-Conventional Energy Sources to come out with concrete time-bound plan & suggestions so as to ensure that the target set under National Common Minimum Programme and National Energy Policy for completing rural household electrification in the next five years is achieved.

19. 2.73 The Committee are further dismayed to note that although the Government have announced the programme of 'One lakh village electrification and One crore household' in Feb., 2004, by covering both Kutir Jyoti Programme and Accelerated Rural Electrification Programme, against the budgeted amount of Rs. 500 crore, the revised estimates during 2004-05 were only Rs. 400 crore. The Committee are further surprised to note that against the total capital subsidy of Rs. 525 crore, a huge amount of Rs. 148 crore still remain to be disbursed during the last 16 days of the financial year which is difficult to be achieved. The Committee feel that the whole amount should be utilised equally in all the four quarters of the year.

20. 2.74 The Committee are constrained to note that disbursement of funds by Rural Electrification Corporation as loan amount to the state utilities is very low as compared to the amount sanctioned. During 2002-03, against the sanctioned funds of Rs. 12,125 crore, the disbursements were only Rs. 6607 crore and during 2003-04, these were Rs. 6017 crore against the sanctioned loan amount of Rs. 15,978 crore. The Committee take a strong note of the fact that in spite of their repeated recommendations for disbursement of funds for rural electrification schemes as sanctioned, the funds released by REC since 1999-2000 for different schemes were much below the sanctioned funds. The Committee also observe that as per the feedback available from various States, it is felt that if a sustainable rural electricity supply is to be ensured, then the burden of servicing the infrastructural cost should at most be a nominal 10%. States are not in a position to take the debt burden required under the scheme. As a matter of fact, the general assessment is that even with zero burden of infrastructural cost on tariff, acceptance by consumers for paying at least the cost of

electricity supplied would itself be a major challenge for the States. Thus, an enhancement in capital subsidy to 90% is required if the objective of providing access to all rural households is to be achieved within stipulated time frame. In view, of this a scheme for providing 90% subsidy has been approved. The REC also initiated necessary steps required for the implementation of the scheme for its approval by the Government. State Governments/agencies are reluctant to take loan for this unattractive Rural Electrification scheme as there will be no profits to be earned. The Committee expect that at least now the funds which will be available for 90% capital subsidy should be disbursed during a particular year in future. In view of the low disbursement of funds, the Committee recommend that the Government/REC should take all necessary steps so that the schemes planned for completion by the year 2009-10, be implemented and funds disbursed thereon. The Committee would like to know the action taken by the Government/REC in this regard.

21. 2.81 The Committee observe that the Government have launched the Accelerated Power Development & Reform Programme (APDRP) which aims at up-gradation of the Sub-transmission and Distribution (ST&D) system in the Country and improving the commercial viability of State Electricity Boards (SEBs) by reducing their aggregate technical & commercial (AT&C) losses to around 15% as against the existing over 50%. This strategy envisages technical, commercial, financial and IT initiatives. The Programme has two components i.e. Investment component and Incentive component, having expected outlay of Rs. 20,000 crore each during the 10th Plan. The Committee further observe that the States were asked to commit a time-bound programme of reforms as elaborated in the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA). States have to take administrative and commercial steps in addition to the technical interventions, which will help them in efficiency improvement in the sector. Although, the Ministry are reported to be closely monitoring the progress of States on activities committed under Memorandum of Agreement (MOA) and implementation of APDRP projects directly and through NTPC and POWERGRID, who are working as Advisor-cum-Consultant to the States from the APDRP Investment component, the Committee are dismayed to note that against an expected Plan Outlay of Rs. 20,000 crore and sanctioned projects of Rs. 17612.36 crore, the release of funds till date is only Rs. 4112.03 crore. The Committee are further perturbed to note that States like Bihar, Anurachal Pradesh, Manipur and Uttar Pradesh have very low utilization of funds released as on 1st January, 2005. The Committee are also not satisfied with the present level of reduction of T & D

losses from 33.98% in 2001-02 to 32.54% during 2002-03 on national basis. Further, Progress on metering in the distribution sector for feeders increased from 81% in 2000 to 95% in 2004 and for Consumers, it has been reported to be increased from 77.6% in 2000 to 87% during 2004. Taking note of the slow progress in the investment made to carryout reform in the States to reduce the transmission & distribution losses, the Committee feel that the funds of Rs. 4112.03 crore which have been released so far are too meagre against the total projects worth 17619.07 crore sanctioned. As a result of low disbursement, the Committee observe that out of total number of 499 projects/ schemes approved for strengthening/ upgrading sub-transmission and distribution network and sanctioned in the year 2002, the work completion of majority of the schemes is less than 50%. The Committee, therefore, recommend that the Government should take elaborate steps or liberalize the terms and condition to ensure that the State Government may make appropriate contribution of matching funds and participate enthusiastically in the scheme so as to make APDRP scheme a success.

22. 2.82 The Committee have also taken a serious note of the fact that although through Investment component of APDRP, the States are disbursing funds to private distributing companies to upgrade/strengthen sub-transmission system under APDRP and thus benefiting the distribution companies to help them reducing the T & D loses, by 17 percent in a fixed period of five years. The Committee are anguished to note that the resultant benefit which was anticipated to go to the consumer is not coming up as there is regular increase in tariff and the distributing agencies have also failed to bring down the T & D loses to the desired level. The Committee understand that even otherwise, the private companies which have been awarded the transmission and distribution contracts are bound by an agreement *vide* which they are awarded the contract, to reduce the losses and make certain amount of investments to improve transmission and distribution network in their area of work. Hence, they should not be considered for grant of any additional incentive for reduction in losses under APDRP scheme. This should be made available to the SEBs/State transmission and distribution utilities only. The Committee, therefore, desire that the Government should review the present scheme of providing subsidies to private companies. The Committee further recommend that the distributing companies shall bear the T& D losses and in no case these be passed on consumers by increasing the rate of electricity as they are duty bound to efficiently manage their affairs and the consumers should not be made to pay for companies inefficiency.

23.	2.97	Renovation and Modernisation (R&M) and Life Extension (LE) of power plants have been recognized as a cost effective technique the world over for improving the performance/efficiency of older power plants and thereby adding additional generation of power at a much lesser cost. The Committee are however, constrained to note the slow pace of completion of R&M activities as, during 2003-04, the Life extension works of 4 units of Kothagudem unit- 8 (1x110 MW) and Korba (E) units 1,4&6 (2x40+1x120 MW) have been completed and works on remaining other units are at various stages of implementation. According to Ministry of Power, the works of Life Extension of 6 units will be completed during 2004-05. In addition, another 57 units will need R&M works to improve/sustain their performance. The R&M work on 36 units was undertaken during 2003-04. Works on 42 activities have been completed and 100 activities are likely to be completed during 2004-05 against total no. of 687 activities targeted to be completed during 10th plan period. The Committee further express their unhappiness to note that adequate funds are not provided for R&M activities as against the total funds requirement of Rs. 9200 crore during 10^{th} Plan for Life Extension Programme, only Rs. 193 crore were actually spent during 2003-04, which is about 1.5 percent of the total outlay. Similarly for R&M of 57 proposed units to be taken up during the 10^{th} Plan, against the funds requirement of Rs. 978 crore, the expenditure during 2003-04 is Rs. 48 crore i.e. less than 5% of the total outlay. The Committee are unhappy to note the slow progress made in the execution of the projects. The Committee feel that investment made in R & M schemes can have a beneficial outcome only if these are completed in a time bound manner. The Committee are surprised to note that despite low infusion of funds during the first three years of the 10^{th} Plan, no action plan has been formulated by the Government so far to strictly utilize the targeted outlays. The Committee, therefore, desire that the Government should atleast act now and formulate an Action Plan to vigorously pursue the R&M activities without any further delay and apprise the Committee of the action taken in this regard. At the same time, the Committee also observe that Plant Load Factor of various units is ranging from 20% to 55% against the national average of about 74%. In case of Tenughat power station in Jharkhand, it is just about 10%. The Committee are constrained to observe that the Ministry of Power have yet to take up 626 power stations for increasing their plant load factor. The Committee therefore, desire that all efforts should be made to ensure that plant load factor of all power plants in Central and State sectors should be at par with national average.

24.	2.98	As regard to renovation, modernisation and uprating (RM&U)of hydro power schemes, the Committee find that out of 62 schemes programmed for implementation/completion during the 10th Plan period, 4 schemes were completed during 2002-03 and out of 13 schemes identified for 2003-04, only 4 were completed in the year and remaining schemes are likely to be completed during 2004-05. For the year 2005-06, only 4 schemes having an installed capacity of 179 MW at an estimated cost of 44.57 crore are targeted to be completed. The Committee thus, observe that against an anticipated expenditure of Rs. 2888.63 crore during the 10th Plan for RM&U of 62 hydro power schemes, anticipated expenditure will only be Rs. 493.41 crore on 17 schemes. The Committee are concerned to note the slow pace of renovation, modernisation and uprating of hydro power station by the Government/PSUs in spite of National perspective plan and review of these activities for 10th and 11th Plan Programmes. The Committee, therefore, deplore the poor state of Renovation, Modernisation and uprating schemes of hydro power stations and low targets fixed by the Government to carry out these schemes. The Committee, therefore, strongly recommend that targets for these activities should be enhanced for 2005-06 and 2006-07, i.e. during the remaining two years of the 10th Plan to ensure that all 62 schemes identified for RM&U be completed in the plan period. The Committee desire that a time bound programme should be drawn to complete these projects so that the set targets can be achieved. The Committee will like to know the action plan of the Government formulated in this regard.
25.	2.106	The Committee are constrained to note that although a huge hydel power potential of 34900 MW (at 60% Load Factor) is available in the North Eastern region, only 670.50 MW i.e. 1.92% of the potential has been explored so far. The Committee can not but deplore the low capacity addition of 750 MW (174 MW Thermal and 580 MW Hydro) by NEEPCO during 9th Plan and the proposed only 155 MW (130 MW Thermal and 25 MW Hydro) addition during 10th Plan. The Committee are unhappy to note that although NEEPCO was established on 2nd April, 1976 with the objective to plan, promote, investigate, survey, design, construct, generate, operate and maintain power stations in the North Eastrn Region, the Corporation could add only 1130 MW of power in the 30 years of its operation. The Committee desire that NEEPCO should analyse their performance during the last 30 years and come out with some concrete plan to enhance their performance, particularly in respect of capacity addition during 10th and 11th Five Year Plan periods. The Committee also observe the huge reduction in IEBR component of NEEPCO

from Rs. 265 crore to Rs. 90 crore during 2004-05. The Committee would like to know that how NEEPCO would ensure to raise Rs. 372.79 crore during 2005-06 and invest the same as targeted.

26. 2.107 The Committee are unhappy to observe that delay in execution of projects have resulted in huge cost escalation as can be seen in the case of Tuirial HEP for which latest revised cost is about Rs. 808 crore from the Rs. 368.72 crore originally targeted. The projects thus, not only get delayed and huge investments blocked but also become unviable. The Committee, therefore, strongly urge the Government to ensure that projects should be commissioned with a maximum of 5-10% of cost escalation. The Committee would like to know the steps taken by the Government to ensure the same in all on going and future projects of NEEPCO.

27. 2.108 The Committee are concerned to note the fate of Tuirial HEP project on which work is reported to be stopped due to law and order problem and expect that it will start will soon after satisfactory resolving all the disputes related to compensation. Taking note of the huge investments already made in the ongoing projects of NEEPCO with 940 MW of power generation targets, the Committee recommend that all the three ongoing projects namely Tuirial HEP, Kameng HEP and Tripura gas based power project should be completed within 10th Plan period.

28. 2.113 The Committee are dismayed to note that although the power sector is treated as one of the important infrastructure sectors and tax incentives have been given to Mega power generation projects, the transmission, sub-transmission and distribution sectors have been totally neglected in the existing duty structure regime. Although, Ministry of Power in their Memorandum submitted to Ministry of Finance have repeatedly asked to reduce the import duties on major sub-transmission and distribution equipment such as Meters, Switch-Gears, Cables, Transformers, Capacitors etc., an import duty as high as 39.2% is being imposed on these equipment. The Committee are further perturbed to note that although 100 percent metering is being targeted and the demand of meters is short by 36 million against the installed capacity of domestic manufacturers (which is reported to be 24 million), import duty of 33.4 percent is being imposed on Meters as compared to just 5 percent on mobile phones. As the repeated requests of the Ministry of Power have not been acceded to by the Ministry of Finance, the Committee strongly urge the Ministry of Power to take up the matter at the highest level of the Government and apprise the Committee of the resultant outcome. At the same time, the Committee also endorse the opinion of Ministry of Power that generation and distribution for which provision of tax laws and

		concession thereunder exist, should also include the word 'Transmission' which may have been overtly omitted so as to reduce the taxation on transmission equipment from 35 percent to 27 percent for general transmission projects and from 35% to 21% for transmission projects linked with Mega power generation projects. The Committee desire that the Ministry should also peruse to make necessary amendments in the relevant tax laws to cover the transmission projects also.
29.	2.118	The Committee observe that any person aggrieved by an order made by an adjudicating officer under the Electricity Act 2003 or an order made by the Appropriate Commission under the Act may prefer an appeal to the Appellate Tribunal for Electricity as provided in section 110 of the Electricity Act, 2003. The Committee are constrained to note that although the Appellate Tribunal was notified on 7th April, 2004, the appointment of Chairperson, members and other officers have yet to take place. Whereas almost all states have set up State Commissions and they are passing judgments as per law, the Appellate Tribunal has not started working, thus denying the aggrieved persons an opportunity to file an appeal. The Committee can not but regret the delays already committed in operationalisation of the Appellate Tribunal, the process of which is reported to be in progress. The Committee are further concerned to note the inordinate delay in constitution of Regulatory Commission in Bihar and stress that all-out efforts should be made to setup the same immediately. The Committee desire that the Tribunal should be operationalised within the next 3 months. At the same time, the Committee would also like to know the present status of appointments of Ombudsman and Redressal forums in all the States which are to be set-up within six months as per Section 42(5) and (6) of the Electricity Act, 2003 by the every distribution licensee under the guidelines of the respective State Commissions.
30.	2.120	The Committee are constrained to observe that as per the Annual Report (2004-05) of the Ministry of Power, only one Public Sector Undertaking under their purview i.e. National Thermal Power Corporation have Social Responsibility Community Development Policy and scholarships are given to SC and ST students pursuing Degree/Diploma in Engineering Course @ Rs. 1000/- p.m. /Rs. 600/- p.m. respectively. For students pursing full time MBA/PGDBM Course, stipend is given at the rate of Rs. 1000/- p.m. and NTPC Gold Medal has been instituted for SC/ST students pursuing

Personnel Management Course and Rural Development Course at XISS, Ranchi and XIMB, Bhubaneswar. Although, the PSUs under the Ministry of Power are carrying out activities related to one of the important infrastructure sector engaged in overall development of the society and the country at large and also recruiting SC/ST candidates as per the rules, the Committee have failed to understand as to why the other PSUs have no Socio Economic Development Policy as is being implemented by NTPC. They are ignoring the social responsibility towards the most affected people of their area of work. The Committee, therefore, recommend that the Government should frame a Socio Economic Development Policy to be implemented by each PSUs under the Ministry of Power on priority basis. This should cover and target the social sectors including education/technical training imparted to weaker section of the society, training to other students getting technical education from different Institutes operating in the country, stipend be given to these trainees, a target be fixed for number of weeks/months of training imparted to such students etc.

ANNEXURE-I

Anticipated Utilisation of X Plan outlay

(Rs in crore)

Name of Organisation	X Plan Outlay	2002-03 (Actual)	2003-04 (Actual)	2004-05 BE/anticipated	Anticipated expenditure in remaining two years of the Plan	Anticipated expenditure in X Plan
NTPC	61680 (GBS 3000, IEBR 58680)	2945.26 (GBS Nil)	4549.85 (GBS Nil)	4755/5169.45 (GBS Nil)	28287.22 (GBS Nil)	40537.33 (GBS Nil)
NHPC	32226 (GBS 14200, IEBR 18026)	1830.74 (GBS 874.71, IEBR 956.03)	2087.11 (GBS 1388.42, IEBR 698.69)	2849.86 (GBS 1804)	13339.61 (GBS 6577.89)	20107.32 (GBS 10645.02)
PGCIL	21370 (GBS 1000, IEBR 20370)	2561.20 (GBS Nil, IEBR 2561.20)	2301.08 (GBS Nil, IEBR 2301.08)	3738 (GBS 300 crores)	12420.00 (Rs. 538 Cr. GBS)	21020.28 (GBS 838)
DVC	13519.50 (GBS 10, IEBR 13509.50)	146.02 (GBS Nil)	316.51 (GBS Nil)	999.70 (GBS Nil)	6901.93 (GBS Nil)	8364.16 (GBS Nil)
THDC	3646.50 (GBS 600, IEBR 3046.50)	339.68 (GBS 162, IEBR 177.68)	560.05 (GBS 75.75, IEBR 484.30)	1248.76 (GBS 314)	1273.47 (GBS 217.47 crores)	3421.96 (GBS 769.22)
SJVNL	3254 (GBS 700, IEBR 2554)	10.06 (GBS Nil, IEBR 10.06)	504 (GBS Nil, IEBR 504)	592 (GBS Nil)	910.04 (GBS Nil)	2016.10 (GBS Nil)
NEEPCO	4224 (GBS 2011, IEBR 2213)	71.77 (GBS 49.26, IEBR 22.51)	61.17 (GBS 21.26, IEBR 39.91)	482 (GBS 217)	2839.66 (GBS 1134.08)	3454.60 (GBS 1421.60)
PFC	-	-	-	-	-	-
REC	-	-	-	-	-	-
MOP Schemes (Misc.)	3479 (GBS 3479)	744.49 (GBS)	361.03 (GBS)	965 (GBS)	9077.32 (GBS)	11147.84 (GBS)
Total	**143399 (GBS 25000, IEBR 118399)**	**8649.22 (GBS 1830.46, IEBR 6818.76)**	**10740.80 (GBS 1846.46, IEBR 8894.34)**	**15630.32 (GBS 3600 IEBR 12030.32)**	**75049.25 (GBS 17544.76)**	**110069.59 (GBS 24821.60)**

ANNEXURE-II

APDRP INVESTMENT STATUS (as on 1st January, 2005)

Sl. No.	State	Project Outlay	APDRP Compon-ent	Releases	Investment		Total Utilisation	C/Part Fund sanctioned	C/Part fund drawn
					Utilisation upto 31/03/04	Utilisation during 2004-05			
Non-Special Category State									
1.	Andhra Pradesh	1511.40	755.70	566.76	402.30	224.68	629.98	744.78	190.49
2.	Bihar	831.69	45.85	86.99	48.20	15.14	63.34	340.79	0.00
3.	Chattisgarh	424.58	212.29	53.07	199.06	0.00	199.06	65.99	65.99
4.	Delhi	946.46	473.23	105.51	512.34	230.56	742.90	637.39	637.39
5.	Goa	302.40	151.20	30.58	35.99	14.15	50.14	62.70	21.82
6.	**Gujarat**								
a.	GEB	755.14	377.57	269.25	184.42	115.13	299.55	291.96	144.33
b.	AEC	206.41	103.21	11.58	86.24	42.43	128.67	177.09	177.09
c.	SEC	142.98	71.49	8.03	61.40	18.60	80.00	71.49	71.49
|.	Haryana	453.41	226.71	168.99	137.18	38.99	176.17	255.34	76.93
[a].	Jharkhand	444.85	222.43	55.60	91.96	12.77	104.73	222.42	49.13
Å.	Karnataka	1192.79	596.40	435.45	249.45	352.25	601.70	598.61	231.39
10.	Kerala	474.26	237.13	104.66	145.07	53.59	198.66	175.18	94.99
11.	Madhya Pradesh	679.08	339.54	84.87	41.75	44.86	86.61	339.54	74.87
12.	**Mahrashstra**								
a.	MSEB	1193.70	596.85	192.26	119.72	27.22	146.94	612.87	64.58
b.	BEST	144.53	72.27	54.20	105.29	5.74	111.03	56.83	56.83
c.	BSES	550.74	275.37	0.00	0.00	39.81	39.81	39.81	39.81
13.	Orissa	592.22	296.11	54.35	0.89	13.89	14.75	296.12	0.00
14.	Punjab	741.18	370.59	178.74	110.70	57.68	168.38	353.19	83.43
15.	Rajasthan	1238.19	619.10	345.34	324.98	105.68	430.66	322.31	182.49
16.	Tamil Nadu	968.17	484.09	344.16	251.10	211.80	462.90	484.09	246.31
17.	Uttar Pradesh	824.13	412.07	80.12	0.30	26.21	26.51	369.85	0.00
18.	West Bengal	420.92	210.46	40.17	54.03	16.91	70.94	210.29	322.28
Total		15039.23	7519.62	3270.68	3082.37	1668.06	4750.43	6638.64	2451.65
Special Category State									
19.	Arunachal Pradesh	85.99	85.99	36.68	1.40	0.00	1.40	N.A.	
20.	Assam	408.54	408.54	96.97	2.09	37.04	39.13	N.A.	
21.	Himachal Pradeh	327.81	327.81	163.92	20.73	61.30	82.03	N.A.	
22.	Jammu & Kashmir	642.27	642.27	200.50	21.07	60.34	81.41	N.A.	
23.	Manipur	143.96	143.96	2.67	2.64	0.03	2.67	N.A.	
24.	Meghalaya	181.90	181.90	21.13	1.06	4.59	5.65	N.A.	
25.	Mizoram	111.28	111.28	28.96	26.08	0.00	26.08	N.A.	
26.	Nagaland	47.22	47.22	23.61	5.40	7.72	13.12	N.A.	
27.	Sikkim	154.73	154.73	77.38	35.65	15.06	50.71	N.A.	
28.	Tripura	107.92	107.92	8.77	6.33	3.24	9.57	N.A.	
29.	Uttaranchal	361.51	361.51	180.76	100.96	0.00	100.96	N.A.	
Total		2573.13	2573.13	841.35	223.41	189.32	412.73		
Grand Total		17612.36	10092.75	4112.03	3305.78	1857.38	5163.16	6638.64	2451.65

ANNEXURE-III

APDRP INCENTIVE STATUS AS ON 1ST JANUARY, 2005

Sl. No.	Incentive Released during the year				Total
	State	2002-03	2003-04	2004-05	
1.	Andhra Pradesh		265.11		265.11
2.	Bihar				
3.	Chattisgarh				
4.	Delhi				
5.	Goa				
6.	Gujarat	236.38			236.38
|.	Haryana	5.01	100.48		105.49
a.	Jharkhand				
Å.	Karnataka				
10.	Kerala				
11.	Madhya Pradesh				
12.	Maharashtra	137.89			137.89
13.	Orissa				
14.	Punjab				
15.	Rajasthan		137.71		137.71
16.	Tamil Nadu				
17.	Uttar Pradesh				
18.	West Bengal			73.00	73.00
19.	Arunachal Pradesh				
20.	Assam				
21.	Himachal Pradeh				
22.	Jammu & Kashmir				
23.	Manipur				
24.	Meghalaya				
25.	Mizoram				
26.	Nagaland				
27.	Sikkim				
28.	Tripura				
29.	Uttaranchal				
	Total	379.28	503.30	73.00	955.58

ANNEXURE-IV

MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2004-05) HELD ON 23RD MARCH, 2005 IN THE COMMITTEE ROOM 139, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 16.30 hrs. to 18.10 hrs.

PRESENT

Shri Gurudas Kamat- Chairman

MEMBERS

2. Sh. Gauri Shankar Chaturbhuj Bisen
3. Sh. Nandkumar Singh Chauhan
4. Sh. B. Vinod Kumar
5. Sh. Chander Kumar
6. Sh. Prashanta Pradhan
7. Sh. Rabindra Kumar Rana
8. Sh. Kiren Rijiju
9. Sh. M. Shivanna
10. Sh. Vijayendra Pal Singh
11. Sh. Vedprakash P. Goyal
12. Sh. Bimal Jalan
13. Sh. Jesu Das Seelam

SECRETARIAT

1.	Shri Anand B. Kulkarni	-	Joint Secretary
2.	Shri P.K. Bhandari	-	Director
3.	Shri Surender Singh	-	Deputy Secretary
4.	Dr. Ram Raj Rai	-	Under Secretary

WITNESSES

Sl No.	Name	Designation
1.	Sh. R.V. Shahi	Secretary, Ministry of Power
2.	Sh. A.K. Jain	Special Secretary, Ministry of Power
3.	Smt. Gauri Chatterji,	Additional Secretary, Ministry of Power
4.	Sh. Ajay Shankar	Additional Secretary, Ministry of Power
5.	Sh. G.B. Pradhan	Joint Secretary, Ministry of Power
6.	Sh. Arvind Jadhav	Joint Secretary, Ministry of Power
7.	Sh. Mrutunjay Sahoo	JS&FA, Ministry of Power
8.	Sh. A.K. Kutty	Joint Secretary, Ministry of Power
9.	Sh. H.L. Bajaj	Chairman, CEA
10.	Sh. Santosh Kumar	Member (GO&D), CEA
11.	Shri R.K. Jain	Member (Th) , CEA
12.	Sh. V S Verma	Member (Plg.) & DG, BEE, CEA
13.	Sh. Gurdial Singh	Member (HE) , CEA
14.	Sh. V. Ramakrishna	Member (PS) , CEA
15.	Sh Shailendra Pandey	Member (EC) , CEA
16.	Sh. C.P. Jain	CMD, NTPC
17.	Sh. Yogendra Prasad	CMD, NHPC
18.	Sh R P Singh	CMD, PGCIL
19.	Sh. R K Sharma	CMD, THDC
20.	Sh. M N Prasad	CMD, REC
21.	Sh. Y.N. Apparao,	CMD, SJVNL
22.	Sh. A.K. Basu	Secretary, DVC
23.	Sh. S C Sharma	CMD, NEEPCO
24.	Sh. T N Thakur	CMD, PTC
25.	Dr. B S K Naidu,	Director-General, NPTI
26.	Sh A K Tripathy	DG, CPRI
27.	Sh Rakesh Nath	Chairman, BBMB

At the outset, the Chairman, Standing Committee on Energy welcomed the representatives of the Ministry of Power to the sitting of the Committee and apprised them of the provisions of Direction 58 of the Directions by the Speaker.

2. The secretary, Ministry of Power then made a presentation highlighting plans for achieving 10th Plan outlay, capacity addition programme, Accelerated Power Development & Reform Programme (APDRP) and Rural Electrification schemes.

3. The Committee, then discussed the following important points:-

(i) Plan Outlay for 2005-06,

(ii) APDRP and power sector reforms,

(iii) Failure to achieve Plan outlays and power generation programme during the first 3 years of the 10th Plan,

(iv) Power generation targets for 10th and 11th Plans,

(v) Energy conservation activities,

(vi) Electrification of villages and rural households,

(vii) Transmission and Distribution losses,

(viii) Appelate Tribunal for Electricity.

4. The points raised by the members were replied by the Secretary, Ministry of Power and officers accompanying him.

5. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

ANNEXURE-V

MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE ON ENERGY(2004-05) HELD ON 11TH APRIL, 2005 IN COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1500 hrs. to 1630 hrs.

PRESENT

Shri Gurudas Kamat -*Chairman*

MEMBERS

2. Shri Gauri Shankar Chaturbhuj Bisen
3. Shri Ajay Chakraborty
4. Shri B. Vinod Kumar
5. Shri Chander Kumar
6. Shri Prashanta Pradhan
7. Shri Rabindra Kumar Rana
8. Shri Kiren Rijiju
9. Shri Vijayendra Pal Singh
10. Shri E.G. Sugavanam
11. Shri Tarit Baran Topdar
12. Shri Sudarshan Akarapu
13. Shri Vedprakash P. Goyal
14. Shri Bimal Jalan
15. Dr. K. Kasturirangan
16. Shri V. Hanumantha Rao
17. Shri Matilal Sarkar

18. Shri Motilal Vora

SECRETARIAT

1.	Shri Anand B. Kulkarni	-	Joint Secretary
2.	Shri P.K. Bhandari	-	Director
3.	Shri Surender Singh	-	Deputy Secretary
4.	Dr. Ram Raj Rai	-	Under Secretary

2. At the outset, the Chairman, Standing Committee on Energy welcomed the Members to the sitting of the Committee.

3. The Committee then took up for consideration the following draft Reports:

(i) Draft Report on the Demands for Grants(2005-06) of the Ministry of Power.

(ii) Draft Report on the Demands for Grants (2005-06) of the Ministry of Non-Conventional Energy Sources.

4. The Committee adopted draft Reports with minor additions/deletions/amendments suggested by the Members of the Committee.

5. The Committee also authorised the Chairman to finalise the above-mentioned Reports after incorporating the amendments suggested by the Members of the Committee and making consequential changes arising out of factual verification by the concerned Ministries and to present the same to both the Houses of Parliament.

The Committee then adjourned.